

# EXHIBIT 5

ITEX  
INTERNATIONAL TRADE EXCHANGE

www.itex.com

315 West 36<sup>th</sup> Street, Suite 501 New York, NY 10018  
212-564-6060 fax 212-564-6362 izzy.garcia@itex.net

From the desk of:

Izzy Garcia, Consultant

February 21, 2002

To: John Bal  
85 Kenmare Street, Ste. 35  
New York, NY 10012

Re: Itex Corp. Membership Proposal

Dear John,

As per our conversation earlier today, Itex would like to extend to you a one-time reduced transaction offer, as a courtesy for wanting to join Itex Corp. and wanting to do a sizeable transaction with us right away. This would be based on your entry as an Itex member at the one time rate of \$395 and on completion of the first sale of your inventory to us.

Normally the transaction rate per transaction is 5% on sales and 5% on purchases (please refer to attached letter for complete cash fee structure). Since you are willing to sell a block of your inventory to us at once, Itex will reduce the transaction fee on the first sale to 3% based on our purchase of your cards at your listed retail rate per card. The transaction must be a minimum sale to us of a total retail dollar value of \$50,000 and not to exceed \$100,000 trade. This amount will give both sides a good feel of what to expect in sales throughout your membership with us.

After this first transaction, you would be placed on our regular fee paying structure of 5% per transaction throughout the duration of your membership, both for sales and purchases. If after spending some time to spend these trade dollars you feel that your membership with us is so rewarding that you would like to do \$50,000 - \$100,000 trade transactions with us on a regular basis, you are welcome to submit a proposal to us requesting that your transaction rate be reduced on a more permanent basis. At that time, Itex Corp. would enter into discussions with you to come up with the most reasonable fee structure where both sides can benefit.

I will follow up with you next Wednesday, 02-27-02, to conclude these discussions and hopefully welcome you aboard. Feel free to contact me if you have any other questions or concerns before that time.

Sincerely,

  
Izzy Garcia

# **EXHIBIT 6**

ITEX  
INTERNATIONAL TRADE EXCHANGE

[www.itex.com](http://www.itex.com)

315 West 36<sup>th</sup> Street, Suite 501 New York, NY 10018  
212-564-6060 fax 212-564-6362 [izzy.garcia@itex.net](mailto:izzy.garcia@itex.net)

From the desk of:  
Izzy Garcia, Consultant

*approx. April 6, 2002*

I wanted to express a few points to you in writing before we spoke again in hopes that you would be clear on what Itex can offer you and what is to be expected from both sides.

The fee structure is as follows: you will receive a statement from us every four weeks detailing your activity through trade. There is a maintenance fee of \$30 per month which is broken down to \$20 cash and \$10 trade. There is a transaction fee of 5% per sale and per purchase made on the account. Some barter companies don't charge you for sales you would take in, but they increase the fee for purchases, so it would come out the same. The reason we break it up is to keep you trading.

Taking in additional sales is only half our job. We guide you to efficiently spend your trade dollars so you could appreciate the value of spending with trade dollars instead of using cash-and only on what YOU NEED. Any expenses deemed deductible cash wise for tax purposes would serve the same purpose with trade dollars (ex: if you wanted to take clients to an event using the trade or a restaurant).

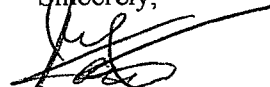
*\$395.00*

There is a ONE-TIME setup fee of ~~\$595.00~~, which can be broken up to monthly payments if you wish instead of making the entire payment at once. Upon signup, your credit card or copy of voided check (for EFT) would remain on file so we could automatically charge whatever cash fees there are after each cycle.

Please give me a call so we could discuss this or meet in person. I'll be more than happy to help you set up this account as fair as possible so you could benefit from the extra revenue. We can place you in the Daily News on trade immediately, as well as other ad spots. We can also assist with any hard goods needs you may have. And all you have to do is offer our clients at least 5% of your business.

Look forward to doing business with you.

Sincerely,



Izzy Garcia  
Itex Corp. New York

**EXHIBIT 7**



we help you do business.

ITEX Corporation

www.itex.com

• 3400 Cottage Way, Sacramento, CA 95825

• Ph: (916) 679-1111 • Fx: (916) 679-1199

April 20, 2002 (approx.)

**BAL, JOHN**

85 KENMARE ST #35

NEW YORK CITY NY 100124518

Dear JOHN BAL,

Welcome to the ITEX network of businesses! We appreciate your decision to join our growing list of members around the world. Your account with ITEX, the nation's leading retail trade and barter exchange, will allow you to Move More, Grow More, Get More and Achieve More in your business than ever before. Like you, thousands of business owners from coast to coast have discovered that ITEX can Achieve More for their business:

- Increase sales • Reduce cash expenses • Move Idle Inventory • Open New Markets • Build Cash Profit

As an ITEX member, you'll enjoy the following benefits by being associated with the industry leader:

- ITEX Online, our Internet based trading system
- ITEX TradeFlash Advertising
- Co-op advertising program
- Authorizations, Toll-free 24 hours a day

Your Trade Director is your link to the thousands of ITEX members in the US and Canada that have discovered that offering their goods and services through ITEX can be a dynamic component of their business strategy. We encourage you to communicate with your Trade Director often, as they can provide professional insight to help you make the most of your trade experience.

Members with Internet access are invited to visit and use ITEX Online, our electronic trading system. ITEX Online allows ITEX Brokers and members across the country to advertise products and services for sale, and purchase needed items from any member, any time, anywhere - electronically. For more details, please contact your ITEX Broker.

Be sure that you attend a New Member Orientation at your local ITEX office. You will be provided with an ITEX System Guide that contains important information about "what to do next", how to get new business and use your trade dollars. This important tool highlights the information you will need as you begin to enjoy the benefits that being an ITEX member can provide you and your business. Your Trade Director is also available to review the member directory, newsletters, trade updates and accounting procedures.

Enclosed are your personalized Trade Drafts for use with your new ITEX account. Additional trade drafts can be obtained from your local ITEX office at no charge. Thank you again for selecting ITEX as your Trade Exchange.

Sincerely,

*Spike Humer*

Spike Humer  
President and CEO  
ITEX Corporation

• increase sales • move idle inventory • open new markets • since 1982

REGIONAL OFFICES • Houston • NYC • Orange County • Orlando • Portland • Sacramento • Seattle • St. Louis • Toronto

• extensive network of US & international independent offices

ITEX and the ITEX logo are service marks of ITEX Corporation.

**EXHIBIT 8**

Jun 01 07 02:33p

John Bal

(212) 966-4522

p.16



3400 Cottage Way  
 Sacramento, CA 95825  
 (916) 679-1111  
 Fax (916) 679-1199  
 www.itex.com

**INVOICE / STATEMENT**

**RETAIN THIS STATEMENT FOR TAXATION PURPOSES**

ACCOUNT NUMBER	MERCHANT ID	STATEMENT DATE
283831-100051-9	1632535	12/26/2002

Driving maximum cash to your bottom line!  
 Contact your Trade Director for trading inquiries, products and services.  
 Account Inquiries: (916) 679-1111

Your Trade Director is: Zany Garcia • Phone: (212) 966-6000

Contact: JOHN BAL  
 BAL, JOHN  
 85 KENMARE ST #35  
 NEW YORK CITY, NY 10012

**CASH DUE \$761.75**

SUMMARY OF TRANSACTIONS	
Trade Opening Balance	\$26,834.12
Trade Credits	\$25.00
Trade Debits	\$-24,734.91
Trade Closing Balance	\$1,324.21

FUNDS AVAILABLE ..	
Trade Closing Balance	\$1,324.21
Trade Credit Limit	\$1,000.00
O/S Purchases	\$0.00
Fund Available	\$2,324.21

TRADE VOLUME	2000: \$0.00	2001: \$0.00	2002: \$186,470.91
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DATE	TRFID #	DESCRIPTION	SALES	PURCHASES	TRADE FEES	CASH FEES
		OPENING CASH FEE BALANCE				\$149.48
		CURRENT TRANSACTIONS:				
12/02/2002	100915	AutoPay Payment, Thank You! - VER:1000 ID#:0510				-149.48
12/26/2002	100916	FULL PRIME APPRAISAL: daily		-381.25		8.44
12/26/2002	100917	GLENDALE BLDG TILE & HARD: min. mvt.		-389.76		11.70
12/26/2002	100918	GLENDALE BLDG TILE & HARD: 14kg. mail		-88.50		1.89
12/26/2002	100919	ITEX - CLIENT STATEMENT SHOWTIME: Mar from 1230	25.00			
12/26/2002	100920	NEW YORK DAILY NEWS: advertising		-24000.00		730.80
12/26/2002	100921	ITEX - ASSOCIATION FEE: ASSOCIATION FEE		-10.00		20.80
12/26/2002	100922	ASSOCIATION FEE				741.75
12/26/2002	100923	PURCHASE FEE				

\* CASH OWING WILL BE BILLED DIRECTLY TO YOUR CREDIT CARD

\$24,000 →

←

**FORBID**



# **EXHIBIT 9**

Jun 01 07 02:33p  
ITEX - MEMBER

John Bal

(212) 966-4522

p. 17  
page 1 of 1

3625 132nd Ave SE, Suite 200  
Bellevue, WA 98006  
Phone: (425) 463-4000  
Fax: (425) 463-4040  
www.itex.com

**INVOICE / STATEMENT****RETAIN THIS STATEMENT FOR TAXATION PURPOSES**

ACCOUNT NUMBER	MERCHANT ID	STATEMENT DATE
203831-100051-0	1632535	11/27/2003

Driving maximum cash to your bottom line!  
Contact your Trade Director for trading inquiries, products and services.  
Account inquiries: (425) 463-4000

Your Trade Director is: Cindy Allcorn • Phone: (866) 490-6960

Contact: JOHN BAL  
BAL, JOHN  
85 KENMARE ST #35  
NEW YORK CITY, NY 10012

**CASH DUE \$781.61**

SUMMARY OF TRANSACTIONS	
Trade Opening Balance	\$36,496.25
Trade Credits	\$393.44
Trade Debits	\$-25,010.00
Trade Closing Balance	\$11,879.69

FUNDS AVAILABLE	
Trade Closing Balance	\$11,879.69
Trade Credit Limit	\$1,000.00
O/S Purchases	\$0.00
Fund Available	\$12,879.69

TRADE VOLUME	2002: \$105,470.91	2003: \$63,115.09	2004: \$1,126.78
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DATE	TRANS #	DESCRIPTION	SALES	PURCHASES	TRADE FEES	CASH FEES
		OPENING CASH FEE BALANCE:				\$57.50
		CURRENT TRANSACTIONS:				
10/31/2003	100036	AutoPay Payment, Thank You! - VIS:1060 EXP:1005				-57.50
11/3/2003	100037	CO-OP PROGRAM MEMBERS: CO-OP-#S #100022 10/23/02	367.00			11.81
11/21/2003	100038	ITEX 203831 - SCRP: advertising 2005		-25000.00		750.00
11/27/2003	100039	ITEX - ASSOCIATION FEE: ASSOCIATION FEE		-10.00		
11/27/2003	100040	ITEX - TRADE INTEREST: TRADE INTEREST PAID	6.44			20.00
11/27/2003	100041	ASSOCIATION FEE				750.00
11/27/2003	100042	PURCHASE FEE				17.61
11/27/2003	100042	SALES FEE				

\* CASH OWING WILL BE BILLED DIRECTLY TO YOUR CREDIT CARD

\$25,000 →

←

[https://members.itex.net/acct/stmt.asp?cycle\\_year=5-2004&state=2](https://members.itex.net/acct/stmt.asp?cycle_year=5-2004&state=2)

3/23/04

**EXHIBIT 10**

Jun 01 07 02:33p John Bal

(212) 966-4522

p. 18



we help you do business

3825 132nd Ave SE, Suite 200  
Bellevue, WA 98006  
www.Itex.com

**INVOICE / STATEMENT****RETAIN THIS STATEMENT FOR TAX PURPOSES**

Contact: JOHN BAL  
EBUY-SELL.COM, INC  
85 KENMARE ST #35  
NEW YORK CITY, NY 10012

ACCOUNT NUMBER  
2038311000510

STATEMENT DATE  
12/23/2004

Your Trade Director is: Izzy Garcia

Phone: 908.823.0114

Payment is due upon receipt of this statement. Fees paid by credit card will be processed December 24, 2004. Fees paid by electronic funds transfer (EFT) will be processed December 31, 2004. Statement is deemed accurate unless ITEX Corporation is notified, in writing, of any discrepancy within four weeks of statement date.

**CASH DUE \$224.00**

Trade Opening Balance:	\$15,596.87
Trade Credits:	\$0.00
Trade Debits:	-\$6,810.00
Trade Closing Balance:	\$8,696.87

Trade Closing Balance:	\$8,696.87
Trade Credit Limit:	\$1,000.00
O/S Purchases:	\$0.00
Funds Available:	\$8,696.87

DATE	TRANS #	CODE	DESCRIPTION	SALES	PURCHASES	TRADE FEES	CASH FEES
			OPENING CASH FEE BALANCE				\$92.00
			CURRENT TRANSACTIONS				
11/29/2004	100889	PVMT	Autobill Payment, Thank You! - VIB:1066 EXP:1006				-92.00
12/13/2004	100940	BUY	ITEX 203831 - SCRIP: Fed. per 3:Bel		-6000.00		180.00
12/13/2004	100941	BUY	ITEX 203831 - SCRIP: Card		-300.00		24.00
12/23/2004	100042	FEE	ASSOCIATION FEE: ASSOCIATION FEE		-10.00		28.00
12/23/2004	100043	FEE	ASSOCIATION FEE				204.00
12/23/2004	100044	FEE	TOTAL PURCHASE FEES				

\* CASH DUE WILL BE BILLED DIRECTLY TO YOUR CREDIT CARD

**PAYMENT COUPON**

(return with payment)

Cash Due can be paid by credit card, check or electronic funds transfer (EFT).

☐ Please charge/debit Cash Due on my credit card: ☐ Discover ☐ Diners ☐ Amex ☐ VISA ☐ MasterCard

Account Number \_\_\_\_\_ Expiration \_\_\_\_\_

Cardholder's Name \_\_\_\_\_

Signature \_\_\_\_\_

**MAIL PAYMENT TO:**

ITEX Corporation  
3825 132nd Avenue SE  
Suite 200  
Bellevue, WA 98006

ACCOUNT NUMBER	ACCOUNT NAME	STATEMENT DATE
2038311000510	EBUY-SELL.COM, INC	12/23/2004

**CASH DUE \$224.00**

[https://www.itex.com/acct/stmt.asp?cycle\\_year=6-2005&state=2&x=34&y=2](https://www.itex.com/acct/stmt.asp?cycle_year=6-2005&state=2&x=34&y=2)

3/3/2005

**EXHIBIT 11**

**Bal John**

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**From:** "John Castoro" <john.castoro@itex.net>  
**To:** "Bal John" <ebuysell@msn.com>  
**Sent:** Wednesday, June 06, 2007 2:24 PM  
**Subject:** RE: Tavern on The Green

The account is frozen do to pending litigation

Thank you,  
John Castoro  
President & Chief Energizing Officer  
ITEX Tri-State  
732 669 9300 phone  
732 669 9310 fax  
www.itex.com

**From:** Bal John [mailto:ebuysell@msn.com]  
**Sent:** Wednesday, June 06, 2007 11:42 AM  
**To:** John Castoro  
**Subject:** Re: Tavern on The Green

May I have \$200 of Tavern on the Green certificates?  
John Bal

----- Original Message -----

**From:** John Castoro  
**To:** 'NYTO Trade Incorporated'  
**Sent:** Tuesday, June 05, 2007 4:53 PM  
**Subject:** Tavern on The Green

6/11/2007

**EXHIBIT 12**

[Print](#)[Close](#)

**NO. 75 148 00320 09 GLO @NYTO**

From: **Charles Cruikshank** (cruiklaw@gmail.com)

Sent: Thu 5/27/10 2:42 PM

To: [mergentserv@msn.com](mailto:mergentserv@msn.com)

Cc: [John.castoro \(John.castoro@itex.net\)](mailto:John.castoro@itex.net)

1 attachment

Responses to Bal Discoveyr Requests FINAL 5.276.2010.pdf (31.6 KB)

Mr. Bal:

Attached are Responses to your discovery Requests. I apologize for the delay.

The documents referenced are being sent to me from NY and I will send them to you when I have a US address to send them to.

Venue for the case is King County, Washington, so I will need you to appear here for your deposition.

Please advise of your availability.

You will have to make other arrangements to depose the witnesses that you want to take prehearing testimony from other than in NY.

That can be done in Seattle just before the hearing in August if that is satisfactory for you,

Sincerely,

Charles Cruikshank

Attorney for Respondents



## RESPONSES TO CLAIMANT JOHN BAL'S DISCOVERY REQUESTS

1. The payments on December 26, 2002 were made to New York Daily News and the other payments were made to NYTO. These are reflected in the account statements for the two claimants' accounts, John Bal/Mergent Services (sole proprietor) and eBuy-Sell.com, Inc. corporate account.

2. These are reflected in the account statements for the two claimants' accounts, John Bal/Mergent Services (sole proprietor) and eBuy-Sell.com, Inc. corporate account. Copies of all Mergent Services and eBuy-Sell.com statements which were mailed as created to the account holder since 2002. Any of these not in the possession of Claimants will be provided, if identified as to the missing statements. See also the account statements for the two claimants' accounts, John Bal/Mergent Services (sole proprietor) and eBuy-Sell.com, Inc. corporate account.

2a. NYTO does not know of any documentation prohibiting return of the \$55,000.00 to Mergent Services general operating account. The agreements that relate to and govern the terms of these transactions were signed by the parties and are included in the documents filed and served on the parties in the New York Supreme Court proceedings initiated by the Claimants.

3. See response to No. 2a, above.

4. See response to No. 2a, and No. 3, above.

5. Documentation for authorization of withdrawal of funds from member account is not maintained by NYTO other than except as reflected in the account statements for the two claimants' accounts, John Bal/Mergent Services (sole proprietor) and eBuy-Sell.com, Inc. corporate account and as provided for by and in the ITEX Member Agreements signed by Claimants and in the ITEX Trading Rules which were provided to the Claimants as hard copies and/or electronic copies during the period of Claimants' association with NYTO.

6. Copies have been provided in the New York Supreme Court litigation. Any of these not in the possession of Claimant John Bal will be provided if identified by him. This request is vague and unclear, and Respondents answer without waiver of the objection that any such documents known to exist have been filed and served in the New York Supreme Court litigation. Any of these not in the possession of Claimant John Bal will be provided if specifically identified by him and are in the possession of the Respondents.

7. This request is vague and unclear, and Respondents answer without waiver of this objection that membership and other agreements are included have been provided in the New York Supreme Court litigation. Any of these not in the possession of Claimant John Bal will be provided if identified by him. There are no documents indicating the relationship between NYTO and its employees except those normally associated with common-law employee-employer relationships such as W-4 forms, employee benefit programs enrollments and other irrelevant documents.

7a. Unknown. No documentation known to NYTO addresses the response to this question.

8. This request is vague and unclear, and Respondents answer without waiver of this objection that members offer and tender listings to NYTO and NYTO advises other members of the availability of "for sale" listings. This is done thorough approximately 10 member email broadcasts per day, telephone calls and face-to-face contacts. On some occasions, NYTO will purchase goods and services from ITEX members with the intent to resell, without mark up, to

other ITEX members. This practice is typically done for members who wish to limit the amount of their sales or who not want to interact directly with buyers.

9. This request is vague and unclear, and the answer is unknown other than the common practice of "first come, first served".

10. See response to No. 9, above.

11. This question, as written, is not comprehensible, but generally, sales are first made to the first qualified buyer or "first come first served."

12. Response to this request would be oppressive and burdensome and irrelevant and highly unlikely to lead to the discovery of relevant information. No "documentation of all of the restaurant scripts/gift certificates with amounts" is maintained by NYTO. To produce this information would require review of as many as 4000 members' account information to search for sales of restaurant certificates or 'script' for a period of over eight years. To provide this information would require the audit of perhaps as many as 384,000 customer statements which the Respondents do not have the resources to accomplish. Even if 8 years of customer statements were provided, there would be a serious compromise of the confidentiality of the members' expectations of privacy. Since NYTO and the other Respondents have no duty to the purchasers or sellers of the certificates after the sale is completed, the information would not be relevant to any theory of recovery espoused by the Claimant.

13. See response to No. 12, above.


14. See response to No. 12, above. No such certificates are returned to NYTO. Once the transaction of transfer between the restaurant and the member is completed, NYTO has no further responsibility to the member or the restaurant for tracking or knowing about the disposition or use of the certificates.

15. No such documentation is maintained by NYTO, although some correspondence between Mergent Services and NYTO has been maintained and will be provided.

16. Unknown. Respondents do not maintain copies of "cancelled checks" and the drawer and drawee bank, payee and account holder are unknown and not identified. This request is vague and unclear, and Respondents answer without waiver of this objection that without further information no reasonable answer is possible.

17. No documents are maintained by NYTO responsive to this request. Although the Claimants acknowledge that the account was temporarily suspended, the suspension was not authorized by any known document. The suspension is reflected on a computer log file, a copy of which will be supplied to the Claimant.

18. No documents are maintained by NYTO responsive to this request other than identified in Response to No. 17, above.



19. No such copies are maintained by NYTO. NYTO sends approximately 10 email broadcasts per day to its members and thousands of other communications per month, some of which of the other deal with availability of products and services. As the individual computer workstations of NYTO fail and/or are replaced, the files and records on each may be destroyed or lost, there is no regular process of storing electronic communications other than on the individual hard drives of the individual computers.

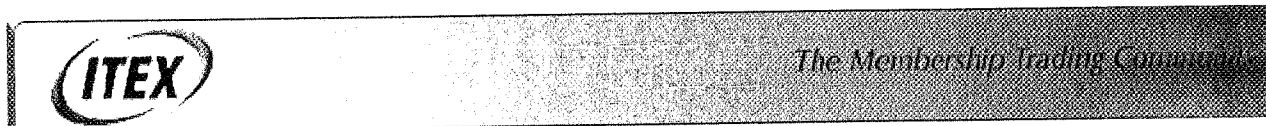
**EXHIBIT 13**

**Bal John**

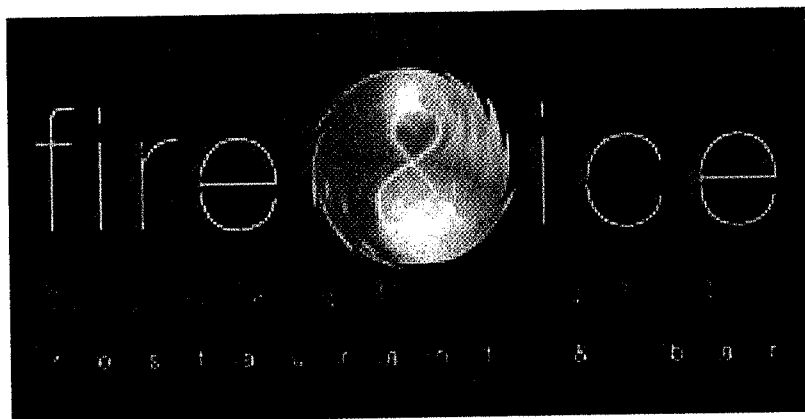
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**From:** "ITEX MIXER @ NEW RESTAURANT" <izzy.garcia@itex.net>  
**To:** <ebuysell@msn.com>  
**Sent:** Monday, February 07, 2011 8:06 PM  
**Subject:** POKER TOURNAMENT/MIXER...DRINKS & APPETIZERS INCLUDED

Having trouble viewing this email? [Click here](#)



Dear JOHN BAL,



**POKER TOURNAMENT / MEMBERS MIXER**  
**THURSDAY FEBRUARY 17, 2011 @ FIRE n ICE BAR RESTAURANT; FORDS, NJ**  
**6PM START**  
**DRINKS AND APPETIZERS PROVIDED BY ITEX!!!**  
**ONLY A FEW SPOTS LEFT SO CALL JOHN OR IZZY AT 732-669-9300 FOR DETAILS**  
**AND TO RESERVE YOUR SPOT NOW!**

ALSO AVAILABLE FROM FIRE N ICE...

**TWO LOCATIONS! TO ORDER REPLY TO THIS EMAIL WITH THE FOLLOWING:**  
**ITEX ACCOUNT**  
**NUMBER OF CERTIFICATES FOR EITHER OR EACH LOCATION**  
**ADDRESS TO MAIL AND METHOD OF SHIPMENT FOR TO RECEIVE THE CERTIFICATES**  
**TAX AND 20% GRATUITY (FOR RESTAURANT...JUST TAX PAID IN CASH AT THE FOODCOURT**  
**LOCATION) IS CASH / NO CHANGE GIVEN ON THE CERTIFICATES**  
**HURRY THESE WILL SELL OUT QUICKLY!!!**

2/6/2012

**CALL YOUR TRADE DIRECTOR AT 732-669-9300 ABOUT SETTING UP GROUP PARTIES /  
CORPORATE FUNCTIONS / CATERING AT THE RESTAURANT LOCATION RIGHT AWAY!**

**\$50 ITEX INCREMENTS FOR : Fire N Ice Bar Restaurant  
is a new bar/lounge sure to heat up your night.**

**Comfortable and spacious with two floors and three bars, fully equipped with two DJ booths and a  
performance stage.**

**Fire n Ice is under new management and they are making raising the bar in NJ Nightlife.  
New events and exceptional service is bringing this place back to life.  
Visit Fire n Ice and see what all the buzz is about.**

**Fire N Ice is the ideal setting for both small and large gatherings as well as corporate events**

**85 Lafayette Road; Fords, NJ 08863 (For GPS Use: 583 Ford Ave, Fords, NJ 08863)**

---

**\$15 INCREMENTS FOR THEIR MENLO PARK FOOD COURT LOCATION!!!**

**WHILE SUPPLIES LAST!!!!!!!**

PS Our sales team is out in the streets talking to business owners about ITEX, please email me your favorite  
restaurant and we will call them to present ITEX and you will earn \$100 ITEX and be able to eat there on ITEX  
when they sign up.....

Restaurant name \_\_\_\_\_

Owners name \_\_\_\_\_

Telephone \_\_\_\_\_

**ITEX VIDEO - WATCH IT - SHARE IT -AND EARN \$**

<http://www.youtube.com/watch?v=nsE9-lldiFo>

Izzy Garcia  
Trade Floor Manager  
ITEX NY / NJ  
732-669-9300  
732-669-9310 FAX  
[www.itex.com](http://www.itex.com)  
[www.dontpaycash4travel.com](http://www.dontpaycash4travel.com)

**Stop paying Association Fees - AND increase the amount of members in ITEX, ask us how! ALSO, ask us how  
to get \$10,000 ITEX in advertising credit for your business!**

2/6/2012

**EXHIBIT 14**

**Bal John**

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**From:** "John Bal" <mergentserv@msn.com>  
**To:** "ebuysell" <ebuysell@msn.com>  
**Sent:** Thursday, June 20, 2013 10:37 AM  
**Subject:** ITEX Texas Holdem Tournament

----- Original Message -----

**From:** john castoro  
**To:** john castoro  
**Sent:** Friday, February 11, 2011 10:04 AM  
**Subject:** ITEX Texas Holdem Tournament

**Last chance to sign up for our Texas holdem tournament...**

**Place Fire and Ice restaurant  
Woodbridge NJ**

**Thursday February 17th  
Time 6:00PM  
food and drinks included**

**Call John or Izzy for details and to sign up don't miss out!!!!  
732 669 9300**

**ITEX VIDEO - WATCH IT - SHARE IT -AND EARN \$  
<http://www.youtube.com/watch?v=nsE9-IldiFo>**

**Have an AWESOME Day!!!!**

**John Castoro  
President and Chief Energizing Officer  
ITEX Tri State and ITEX Latin America  
[www.ITEX.com](http://www.ITEX.com)  
[www.ITEX.com.pa](http://www.ITEX.com.pa)  
[www.dontpaycash4travel.com](http://www.dontpaycash4travel.com)**

**Stop paying Association Fees - AND increase the amount of members in ITEX, ask us how! ALSO, ask us how to get \$10,000 ITEX in advertising credit for your business!**

7/14/2013

**EXHIBIT 15**



----- Original Message -----

**From:** HOLD-EM POKER TOURNAMENT

**To:** [ebuysell@msn.com](mailto:ebuysell@msn.com)

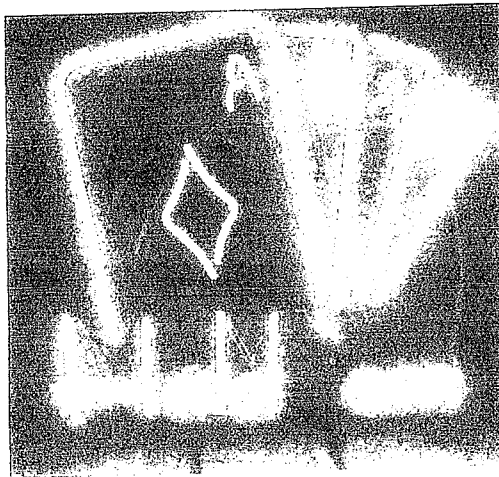
**Sent:** Tuesday, May 10, 2011 10:24 AM

**Subject:** HOLD-EM POKER TOURNAMENT

Having trouble viewing this email? [Click here](#)



10 SEATS LEFT FOR THE  
HOLD-EM POKER  
TOURNAMENT  
THURSDAY JUNE 9TH



**ITEX Members- Thursday evening  
at 6pm June 9th at Fire & Ice  
located 85 Lafayette Road Fords  
NJ. We will be having a ITEX Hold-  
Em Poker Tournament. The buy in  
will be only 500 ITEX Dollars.  
Food will be served and there is a  
cash bar. Only 20 seats  
are available so reserve early. We  
look forward to having a great  
evening with other ITEX members.**

Call 732-669-9300

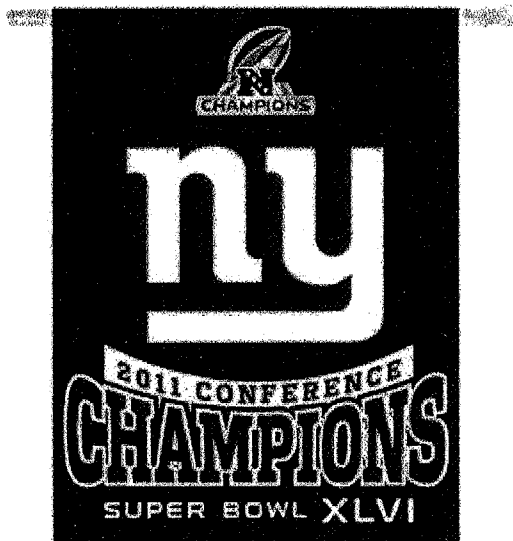
**EXHIBIT 16**

**Bal John**

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**From:** "John Bal" <nycjohn123@msn.com>  
**To:** "ebuysell" <ebuysell@msn.com>  
**Sent:** Sunday, May 26, 2013 2:26 AM  
**Subject:** ITEX - Gambling

**From:** Izzy Garcia [mailto:[izzy.garcia@itex.net](mailto:izzy.garcia@itex.net)]  
**Sent:** Wednesday, February 01, 2012 11:39 AM  
**To:** Izzy Garcia  
**Subject:** \$\$\$ ENTER ON ITEX TODAY FOR A CHANCE TO WIN \$\$\$!  
**Importance:** High



**ITEX SUPERBOWL POOL!....SIGN UP TODAY!**

**\$250 ITEX EACH BOX!**

**3 WINNERS AT \$5000 ITEX AND ONE GRAND**

1/16/2014

## **PRIZE WINNER OF \$10,000 ITEX**

**YOU HAVE A CHANCE OF TURNING \$250 ITEX  
INTO \$25,000 ITEX**

**YOUR BOX NUMBERS WILL BE EITHER FAXED OR  
EMAILED TO YOU BY 5PM FRIDAY FEBRUARY 3,  
2012. PLEASE LET US KNOW PREFERENCE ASAP!**

**ITEX VIDEO - WATCH IT - SHARE IT -AND EARN \$**

**<http://www.youtube.com/watch?v=nsE9-IldiFo>**

**Izzy Garcia**

**Trade Manager**

**ITEX NY / NJ**

**732-669-9300**

**732-669-9310 FAX**

**[www.itex.com](http://www.itex.com)**

**[www.dontpaycash4travel.com](http://www.dontpaycash4travel.com)**

**[www.dontpaycash4ads.com](http://www.dontpaycash4ads.com)**

**Stop paying Association Fees - AND increase the amount of members in ITEX, ask us  
how!**

**EXHIBIT 17**

**Mail (18 USC § 1341) and Wire Fraud (18 USC 1343)**

Under the direction, consent, or knowledge of the RICO defendants mailings and wires were used to execute (1) a plan and scheme to defraud, (2) with intent to defraud, (3) with reasonable foreseeability that the mail or wires will be used, and (4) with actual use of the mail and wires to further the scheme. The mail and wire fraud scheme began in at least 2003, exists today, and is likely to continue into the future.

ITEX is conducting business in all 50 states, Canada, and Panama. The RICO defendants are causing ITEX to unlawfully conduct business in the United States (except Nevada, California, and Washington), 7 states revoked ITEX's authority to do business for evading taxes and tax filings and ITEX never received the authority to do business in 40 states (Exhibit ). In most states ITEX has been unlawfully conducting business for over 20 years. In the past 10 years alone, the RICO defendants have caused ITEX to conceal and launder on federal tax returns an estimated **\$2.35 billion of sales** and **\$35,373,000 of association fees** derived from within these 47 states.

In addition, the RICO defendants used mail and wires to embezzle the funds of ITEX members and unlawfully launder these funds by reporting on federal tax returns that these funds were obtained lawfully.

The heart of the mail and wire fraud scheme is that the RICO defendants have deceived 22,000 interstate ITEX members (including Bal) and 97 interstate ITEX brokers by unlawfully concealing that ITEX is not authorized to do business in the United States (except Nevada, California, and Washington). By omitting this highly material information members (including Bal) were deceived into buying ITEX memberships and brokers were deceived into purchasing brokerships.

From at least 2003, to date, and likely continuing into the future the RICO defendants have caused ITEX to send out millions of emails throughout the United States promoting sales and purchases *without advising that ITEX cannot lawfully do business in 47 states.*

Bal is a New York State ("NYS") member of ITEX. NYTO is the ITEX broker for NYS. Both ITEX (Exhibit ) and NYTO (Exhibit ) are unlawfully conducting business in NYS. Charles Cruikshank, one of NYTO's attorneys, states:

"NYTO sends out approximately 10 email broadcasts per day to its members and thousands of other communications per month, some of which or the other deal with the availability of products and services (Exhibit , at para. #19).

It is estimated that NYTO, just one of ITEX's 97 brokers, sends out 60,000 emails per year (5,000 per month X 12 months = 60,000). These emails are sent to ITEX members (including Bal) by NYTO, a corporation unlawfully doing business in NYS, to promote sales for ITEX, a corporation that is also unlawfully doing business in NYS. Each of these emails conceals and unlawfully omits that ITEX is not authorized to do business in 47 states (including NYS) and NYTO is not authorized to do business in NYS. In short, all mail and emails promoting ITEX membership or sales that neglects to advise the recipients that ITEX cannot lawfully do business in 47 states are *fraudulent communications and predicate offenses.*

An ITEX billing cycle is 4 weeks ("billing cycle"). In furtherance of wire fraud, every billing cycle the RICO defendants cause ITEX to send an email to 22,000 ITEX members throughout all 50 states demanding a \$30 association fee payment and commissions due, if any, for transactions during the billing cycle. ITEX sends out

286,000 demand for payment notices to members (including Bal) every year (22,000 members X 13 billing cycles per year = 286,000). The demand for payment notices, which neglect to advise the recipients that ITEX cannot lawfully do business in 47 states, are *fraudulent communications and predicate offenses*.

It is expected that additional applicable letters and emails will become available through discovery. In addition to the below listed emails, other qualifying emails are identified in Plaintiffs' RICO Case statement<sup>1</sup>:

#### Letters

<u>Date</u>	<u>Parties</u>	<u>Subject</u>
February 12, 2002	ITEX to Bal	Membership proposal
April 6, 2002	ITEX to Bal	Membership fee reduced to \$395
April 20, 2002	ITEX to Bal	Welcome to ITEX membership.
November 12, 2004	NYTO to Bal	Bal's advertising account balance

#### Wires

The RICO defendants caused ITEX to create and maintain a website ([www.itex.com](http://www.itex.com)). At the heart of the RICO defendants' wire fraud is this website. This website encourages persons to purchase memberships, brokerships, and current members to make sales and purchases in 47 states that ITEX is not authorized to do business.

<u>Date</u>	<u>Parties</u>	<u>Subject</u>
February 7, 2011	Garcia to Bal	Interstate gambling
February 11, 2011	Castoro to Bal	Interstate gambling
May 10, 2011	ITEX to Bal	Interstate gambling
February 1, 2012	Garcia to Bal	Interstate gambling
December 26, 2002	ITEX to Bal	Accounting statement
November 21, 2003 (FAX)	ITEX to Bal	Inquiry to purchase advertising.
November 21, 2003	ITEX to Bal	Accounting statement
April 12, 2004	Garcia to Bal	ITEX Trade Show in New Jersey.
April 14, 2004	Garcia to Bal	ITEX Trade Show in New Jersey.
April 14, 2004	Szyba to Bal	Tables reserved for Trade Show in New Jersey.

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<sup>1</sup> Bal is uncertain if letters and emails sent by him to the RICO defendants are applicable as evidence for mail and wire fraud and has included them in Exhibit



November 15, 2004	Garcia to Bal	Letter [regarding advertising account balances] was sent faxed and mailed out on Friday.
December 13, 2004	ITEX to Bal	Accounting statement
December 14, 2004	Garcia to Bal	[\$6,000] transferred for Bal's advertising.
December 14, 2004	Homoki to Bal	Information to purchase restaurant certificates.
December 16, 2004	Homoki to Bal	\$800 purchase of restaurant certificates.
December 20, 2004	Homoki to Bal	Will hold restaurant certificate for Bal.
February 18, 2005	Homoki to Bal	[\$800 of purchased restaurant certificates not available] pick from available list of restaurant certificates.
February 18, 2005	Garcia to Bal	Will send partial replacement for purchase of restaurant certificates.
February 21, 2005	Garcia to Bal	Partial replacement for restaurant certificates not available.
February 21, 2005	Garcia to Bal	Will refund \$700 for unavailable restaurant certificates to Bal's account.
March 3, 2005	Garcia to Bal	[\$700 will be refunded] in Bal's next statement.
March 23, 2005	Garcia to Bal	Will replace [\$700 due to Bal] with scrip.
April 18, 2007	Garcia to Bal	Response to email about funds improperly taken from Bal's account for restaurant certificates and breach of contract to provide Bal with advertising.
April 20, 2007	Castoro to Bal	Doesn't know anything about advertising.
April 25, 2007	Garcia to Bal	Replacement of restaurant certificates.
April 25, 2007	Garcia to Bal	Address to send restaurant certificates.
April 25, 2007	Garcia to Bal	Restaurant certificates will go out tomorrow.
April 27, 2007	Garcia to Bal	Claims he does not know about advertising that Bal paid for.
April 30, 2007	Garcia to Bal	Garcia claims that he did not

		receive letter with proof that Bal paid for advertising.
May 1, 2007	Garcia to Bal	Restaurant certificates not sent because none were available.
May 1, 2007	Garcia to Bal	Garcia will discuss advertising issue with John Castoro.
May 1, 2007	Garcia to Bal	Garcia claims delay is not caused by him.
May 1, 2007	Garcia to Bal	Did not suggest that Castoro was causing the delay.
June 6, 2007	Castoro to Bal	Bal's "account is frozen do [sic] to pending litigation."

**EXHIBIT 18**

# Marketplace Rules

Revision Date: January 31, 2013

## Table of Contents

**Overview Participation in the ITEX Marketplace**  
**Service and Transaction Fees**  
**Administration of the Marketplace and ITEX Dollars**  
**Breach of Rules; Prohibitions**  
**Intellectual Property; Website Usage; Member Information**

## 1.0 OVERVIEW

1.1. These Marketplace Rules ("Rules") are part of the Member Agreement between you as an ITEX Marketplace Member and ITEX Corporation ("ITEX"). They describe the terms and conditions applicable to your use of the Marketplace, and your use of our Services and our Website. All terms defined in the Member Agreement shall have the same meanings in these Rules.

1.2. Opening and continuing to use an ITEX Account ("Account") as a Member, or your use of the Marketplace, our Services or the access and use of our Website, constitutes your acceptance of all terms and conditions of the then current version of these Rules in effect on the date of use. If you do not agree to be bound by these Rules, you cannot be a Member or use or access our Services. In addition to these Rules, Members must agree to all of the terms and conditions contained in our Member Agreement (our Marketplace Rules, Privacy Policy and your Membership Application are an integral part of our Member Agreement). We may amend these Rules at any time. All amended terms shall be effective immediately upon posting on our Website. You can review the most current version of the Rules by clicking on the Website's "Marketplace Rules" link. If you continue to use the Marketplace, our Services or our Website after we make changes to the Rules, you are signifying your acceptance of the new terms. You are responsible for checking the Rules periodically for any changes. These Rules are effective on March 7, 2013, for current Members, and upon our acceptance of you as a new Member.

## 2.0 PARTICIPATION IN THE ITEX MARKETPLACE

### Nature of the Parties

2.1. ITEX is a provider of the Services described in the Member Agreement.

2.2. ITEX contracts with franchisees and independent licensed brokers (collectively, "Brokers"), for the provision, by these Brokers, of Member support or brokerage services associated with operation of the Marketplace. Brokers are independent contractors and operate from business locations other than our executive office in Washington. Brokers are not employees, agents, joint venturers or partners of ITEX, and their authority to bind ITEX is strictly limited by applicable policies and contractual obligations that are binding on Brokers. As independent contractors, Brokers are solely responsible for the employment, acts and omissions, control and direction of their employees and assignees.

2.3. Member is a business entity or approved individual that desires to exchange its products, services, materials and/or labor ("products and services") with other Members of the Marketplace (or other permitted parties), accepting "ITEX dollars" (defined in Section 4.1. below) as payment, and subscribes to ITEX's Services.

### Member Eligibility

2.4. Only individuals and businesses who are Members in Good Standing (defined in Section 2.16. below) can obtain an Account and transact in the Marketplace. Members may designate authorized persons ("Authorized User") to transact in the Marketplace, subject to our approval. We reserve the right to approve, deny, suspend, or terminate membership or

use of an Account by any business or individual, in our sole discretion, for any reason or no reason. Our Services are available only to, and may only be used by, business entities or individuals who have all required legal capacity to enter into binding contracts under applicable law, including obligations with respect to payments, transactions, and fees. We may require that, at any time, each Member provide ITEX a valid credit card, debit card, checking account information, or other guarantee of payment of fees. If you are registering as a business entity, you represent that you have full authority to act for and bind that entity to our Member Agreement. Our Services are not available to individuals under the age of 18, or to temporarily or indefinitely suspended Members.

## **Conduct of Transactions**

**2.5. Legal Right to Sell Listed Products and Services.** You may list on the Marketplace only those products and services that you have the legal right to sell through the Marketplace. Only Members holding the appropriate license may sell products or services that are permitted to be sold only by licensed sellers under federal, state or provincial, and local law, including but not limited to travel services, alcohol, real estate, insurance, and professional services. The following policies are part of these Rules and provide additional terms and conditions related to specific products and services offered in the Marketplace:

- **Prohibited or Restricted Products and Services Policy**
- **Real Estate Policy**
- **Travel Service Policy**

Each of these policies may be changed from time to time. Changes take effect when we post them on our Website. All such policies or rules are hereby incorporated into these Rules.

**2.6. Member Listings.** All listings of products and services offered by you in the Marketplace, including, without limitation, listings in local, regional, or national printed directories, "My Listings," "My Business Description" and "My Account" on the Website, on our social media pages, email broadcasts, and other printed materials ("Member Listings" or "Listings"), must comply with the Rules. We reserve the right to remove any Member Listing or change its location on the Website. Members are not permitted to manipulate, alter, interfere with, or otherwise affect another Member's Listings. Listings that promote bonus items, giveaways, or random drawings or prizes as an enticement for buyers must be legal promotions in all jurisdictions where the promotion is available. It is your responsibility to determine the legality of your promotion. We reserve the right to request documentation supporting your ITEX dollar valuation of a listed product or service with evidence of other valid cash sales at the same price. Failure to provide adequate documentation of cash sales to support the listed price may result in the deletion of any Member's Listing from the Marketplace. You may initiate "On Hold" status with respect to some or all of your Member Listings. "On Hold" status removes the Listing(s) from the Website, until you elect to republish the Listing(s).

**2.7. Selling Products and Services for ITEX Dollars.** You agree to sell products and services for ITEX dollars in accordance with the terms and conditions set forth in these Rules at your prevailing or normally advertised prices, but you are not obligated to match "sale" or discount pricing. You agree to sell your listed products and services (including any necessary parts and supplies) for 100% ITEX dollars, except for tax and shipping costs, and except in the case of a single transaction exceeding \$5,000 ITEX dollars. A buyer in a transaction involving the Marketplace (a "Buyer") and seller in a transaction involving the Marketplace (a "Seller") may negotiate for a portion of the excess of the price over \$5,000 ITEX dollars in a single transaction to be paid in cash. Any required cash payments, e.g. shipping or tax, are the sole responsibility of the Buyer and Seller and are not the responsibility of ITEX. We are not a guarantor of any Marketplace transaction. Our only responsibility is to record transactions according to the terms and conditions outlined herein, and ITEX is not responsible for the interpretation or fulfillment of any of the obligations of the Buyer and Seller.

**2.8. Transaction Documents and Payment Methods.** The following may be used as payment for Marketplace transactions:

- ITEX checks;
- Scrip;

- Broker Posting Ledger or Group Buyer Record;
- Direct payment through the Website;
- Phone postings through the toll-free, 24-hour Interactive Voice Response System (the IVR System);
- Signed invoices or other billing documents authorizing payment through ITEX; and
- Faxes or emails from Buyer authorizing payment through ITEX.

For each payment method, the same information is required - Buyer and Seller Account numbers, ITEX dollar amount of transaction, date of payment and Buyer authorization.

**2.9. Transaction Procedure.** We will be obligated to process the transfer of ITEX dollars represented by online transactions, ITEX checks or other Buyer authorized posting documents and through the IVR system only when the procedures outlined below are followed:

**2.9.1. Online Transactions.**

- Members who wish to use the Website to list a product or service for sale, make a purchase, or make a payment, must enter their approved password. It is important that you guard the identity of this password because the use of the password to make a purchase represents your consent as Buyer to debit your Account;
- Buyer initiates a "Make a Purchase" transaction on the Website. If approved, ITEX posts the transaction to the Buyer and Seller's Account;
- When a Buyer initiates a "Buy it with ITEX" transaction on the Website, the Seller must approve the transaction, resulting in the transfer of ITEX dollars from Buyer's Account to Seller's Account.
- When a Seller initiates an "Authorize a Sale" transaction on the Website, the ITEX dollars going into the Seller's account for the transaction will be placed on hold for 48 hours. It is the Seller's responsibility to receive, retain, and produce upon request, written authorization from the Buyer for each transaction posted. Failure to provide such documentation upon request may result in the transaction being reversed; and
- When using Services on our Website, you are subject to any posted policies or rules applicable to Services you use through the Website, which may be amended from time to time. All such policies or rules are hereby incorporated into these Rules. For additional terms and conditions governing your use of the Website, see Section 6.2 of these Rules, "[Website Usage](#)."

**2.9.2. Document-Based Transactions.**

- ITEX checks and other Buyer transaction documents are properly completed when the Buyer and Sellers' Account numbers and names are provided, together with the date, Buyer's signature (you or an Authorized User) and the amount of ITEX dollars to be transferred;
- Seller's Broker typically posts Marketplace transactions, not the Buyer's Broker. It is both the Seller's, and Seller's Broker's responsibility to receive, retain, and produce upon request, written authorization from the Buyer for each transaction posted. In case of a disputed document-based transaction, if no signed authorization from the Buyer is maintained, or if the transaction document is deemed incomplete by ITEX, the transaction may be reversed.
- Outstanding ITEX checks and other Buyer authorized transaction documents are considered void twelve (12) months from the date written. We are under no obligation to post ITEX checks and other Buyer authorized transaction documents that are submitted more than twelve (12) months after the date written;
- A Seller or Buyer may post transactions to the IVR System. ITEX dollars going into the Seller's account for transactions posted through the IVR System will be placed on hold for 48 hours. Transactions posted on the IVR System are subject to verification. It is the Seller's responsibility to receive, retain, and produce upon request, written authorization from the Buyer for each transaction posted. Failure to provide such documentation upon request may result in the transaction being reversed. We, in our sole discretion, may reverse or modify a transaction posted on the IVR System.

### 2.9.3. All Transactions.

- Submission of improperly completed Buyer authorized transaction documents to ITEX or Brokers may result in delays or denial of posting;
- For transactions in the U.S. and Canada, one ITEX dollar shall be assigned a value equivalent to one dollar of the country in which the Member's Account resides. For other currencies, transactions will be valued in the U.S. dollar equivalent of the country's currency in which the Member's Account resides. For international transactions, the ITEX dollars deducted from the Buyer's Account will be deposited into the Seller's Account after conversion at the exchange rate of the Seller's country currency at the time of posting;
- It is the responsibility of the Buyer to notify Seller that Buyer is paying with ITEX dollars prior to making a Marketplace purchase. Buyer understands and agrees that by entering into a Marketplace transaction Buyer authorizes ITEX to debit ITEX dollars from Buyer's Account for the amount of the transaction, and charge Buyer all applicable transaction fees;
- Prior to completing certain transactions, Buyer may be required by ITEX to complete specified forms, including a Release of Liability, Waiver of Claims and Assumption of Risk Agreement releasing ITEX from claims related to the transaction;
- Seller understands and agrees that by approving or entering into a Marketplace transaction with Buyer, Seller authorizes ITEX to credit ITEX dollars to Seller's Account for the amount of the transaction, and charge Seller all applicable transaction fees; and
- ITEX is not under any obligation to review transactions after one hundred eighty (180) days from the date of the transaction posting. We may, in our sole discretion, review a transaction older than 180 days, if we deem it appropriate. When a review is undertaken due to a Member complaint, such review may lead to the removal and escrowing of an ITEX dollar amount equal to the disputed transaction from the Seller's account until the determination is made to either reverse the transaction or leave the transaction as posted. Notwithstanding the foregoing, we have no obligation to monitor or evaluate Members' actions or inactions, or the fairness or lawfulness of any transaction conducted through the Marketplace.

**2.10. Transaction Assistance.** We intend to use reasonable commercial efforts to assist Members to transact among themselves by making Member Information available on the Website and maintaining current Member Information. In addition, we may appoint, at our sole and absolute discretion, independent persons, or entities as Brokers to provide information on Members' products and services available through the Marketplace. Whenever you either enter into a transaction, or make an offer to enter into a transaction through the Marketplace, you acknowledge that (i) the sole parties to any Marketplace transaction are the Buyer and Seller involved and not ITEX (unless ITEX notifies a Member in writing that ITEX is acting as a Buyer or Seller in a transaction), (ii) each transaction is entered into voluntarily and incurs normal risks associated with any commercial transaction, (iii) each Member will engage in appropriate due diligence, with the assistance of professional counsel and consultants if appropriate, prior to entering into the transaction, and (iv) ITEX is not a guarantor of any transaction or ITEX dollar transfer or liable in any manner for damages related to the transaction. We will use reasonable commercial efforts to record transactions accurately and to administer the Rules in accordance with their terms. However, the initiative for using our Services for your economic benefit is exclusively yours and ITEX does not guarantee or warrant any level of business through the Marketplace.

**2.11. Safe Transactions.** You bear sole responsibility for the authentication of the identity of any person with whom you may transact. You acknowledge that authentication is difficult, particularly on the Internet, and that ITEX does not confirm any person's purported identity. You should communicate directly with potential Buyers and Sellers and establish your own standards for identity authentication. You should use caution, common sense and practice safe transactions when using the Marketplace. There may also be, and you accept full responsibility for, risks associated with dealing with foreign nationals and persons acting under false pretense.

**2.12. Availability of Products and Services or Sales.** ITEX is not responsible if Member cannot find, and does not represent, warrant, or guarantee that Member will find, specific products and services to purchase, or Buyers for their products and services within the Marketplace.



**2.13. Prohibited Products and Services.** Refer to our "Prohibited or Restricted Products and Services Policy" which is part of these Rules and incorporated by reference. No Member shall offer for sale or purchase any product or service through the Marketplace in a manner that violates federal, state, provincial, or local law, and no offer to sell or purchase any such prohibited product or service shall be deemed to be authorized by ITEX. Only Members holding the appropriate license may sell products and services that are permitted to be sold only by licensed sellers under federal, state, provincial, or local law, including but not limited to travel services, alcohol, real estate, insurance, and professional services.

**2.14. Real Estate Transactions; Travel Services.** Refer to our "Real Estate Policy" and our "Travel Service Policy" which are part of these Rules and incorporated by reference.

**2.15. No Control over Member, Broker and Third-Party Information.** We are not responsible for, and do not control, represent, or endorse the accuracy, reliability, integrity, or legality of any information provided by or posted by Members, Brokers, and third parties available through the Marketplace, the Website, and on our social media pages, including information that is transmitted on behalf of Members by Brokers or their employees. Members, Brokers and third parties are solely responsible for their respective information. Feel free to report violations, abuse or objectionable content to us. While we do not monitor content that is exchanged or posted by means of the Website, we reserve the right to remove any content that we may determine, in our sole discretion, to be inappropriate. We may also remove any content in violation of these Rules or the Member Agreement. We may terminate any Member's Account or any Member's access to the Website and its functionality if we believe there has been any violation.

**2.16. Definition of "Member in Good Standing."** A Member who (i) has completed a Member Application and accepted our Member Agreement; (ii) complies with the current Rules and any other agreements in effect with ITEX, (iii) is current in the payment of all Fees (defined in Section 3 - Service and Transaction Fees) owing to us under the Member Agreement, (iv) is not in Default (defined in Section 5 - Breach of Rules; Prohibitions; Termination), and (v) has a valid Member Account, is a "Member in good standing." Only Members in good standing are entitled to the Services of ITEX.

**2.17. Advertising Authorization.** Unless we are otherwise notified in writing, you authorize us and our Brokers to inform other Members of the availability of your products and services. This authorization includes, without limitation, Listings in local, regional, or national printed directories, 'My Listings', 'My Business Description' and 'My Account' on the Website, on our social media pages, email broadcasts, and other printed materials. You acknowledge and agree that Member Information that will be publicly available may be the name of the business, address, contact person, telephone number, fax number, email address, website URL, and product and service availability. We are neither a party to these Member Listings nor responsible for their accuracy. Any inaccuracies should be immediately reported to us, in writing. We reserve the right to restrict or deny the publishing or promotion of products and services that we, in our sole discretion, deem to be inappropriate.

**2.18. Consent to Receive Electronic Mail and Text Messages from ITEX.** You hereby expressly consent to receive from us (and from our Brokers) electronic mail and text messages that we may send from time to time, in our sole discretion, including, without limitation, any required notices, messages containing information promoting the sale, lease, or other disposition of products and services made available through the Marketplace, or containing information regarding the operation of the Marketplace. You agree that we are not responsible for, and do not control, represent, or endorse the accuracy, reliability, integrity, or legality of any email, advertising, or other information provided by Members or Brokers.

**2.19. Record Keeping**

2.19.1. We issue periodic statements to you reflecting your Account activity and amounts due and owing to ITEX. Statements are deemed accurate as produced unless you notify the ITEX corporate office in writing of any discrepancy, within four weeks of the statement date. We are under no obligation to review transactions entered on an Account one hundred eighty (180) days after the date of the posting of the transaction. Interim Account activity summaries may be made available at the Website.



2.19.2. ITEX operates on a four (4) week accounting cycle ("Cycle") that may or may not conform to any given calendar month. Each Cycle begins on a Friday and ends at midnight on the fourth Thursday following. You can request a list of Cycle opening and closing dates from your Broker.

2.19.3. We have the right, but not the obligation, to reverse transactions due to non-compliance with these Rules or failure to provide products or services. Transactions are subject to final audit and verification by ITEX and, in case of inaccuracies, non-compliance, or non-fulfillment, we may debit or credit your Account without notice.

**2.20. Funds in Transit.** Our Funds in Transit (FIT) Program, designed for additional transactional security, can be used for certain transactions, including, without limitation, special or long distance orders, construction jobs, service work, long-term leases and other work-in-progress transactions. The FIT Program is not an insurance policy, a solution for buyer's remorse, or a substitute for buyer diligence (i.e. pre-purchase research and inspection). You should conduct Marketplace transactions in the same manner as cash transactions, and perform appropriate research and exercise proper care and judgment in your purchase and sale. For example, a Buyer should consider obtaining a written estimate or description of product or service and price before authorizing work to begin or shipments to be made. Before starting work or shipping a product, Seller should consider obtaining a deposit or down payment in ITEX dollars in the same manner as a seller would in a cash transaction. The FIT Program is designed to assure the Seller that the Buyer's ITEX dollar funds have been set aside for the specific transaction and to assure the Buyer that the Seller will not receive the funds until Seller has delivered the products and services purchased as represented and according to the terms and conditions of the sale. An ITEX check or other authorized transaction documents and a FIT Initiation Form must be submitted to the ITEX corporate office before funds may be deposited into a FIT account. Before the ITEX dollars can be released from a FIT account, a FIT Release Form must be completed and signed by the Buyer and submitted to the ITEX corporate office. In the event the Buyer does not promptly execute an FIT Release Form after receiving the products or services purchased, ITEX will notify the Buyer that the ITEX dollars held will be released to the Seller in five business days, unless the Buyer provides a written explanation describing why Buyer is disputing the transaction. If and when Buyer disputes a transaction, it is Buyer's responsibility to pay any applicable shipping costs to return the product or goods to Seller.

**2.21. Products or Services sold by ITEX.** Although not normally involved in the transaction between Buyers and Sellers, ITEX may on occasion act as principal but only after notifying a Member in writing that it is acting as a Buyer or Seller in a particular transaction.

ON ALL PRODUCTS OR SERVICES OFFERED OR SOLD BY ITEX, THE ONLY WARRANTY ITEX MAKES IS THAT IT HAS TITLE FREE AND CLEAR FROM ANY LIEN OR ENCUMBRANCE. ALL PRODUCTS OR SERVICES ARE SOLD "AS IS, WHERE IS." ITEX MAKES NO WARRANTY EITHER EXPRESS OR IMPLIED, BY OPERATION OF LAW OR OTHERWISE AS TO THE MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF ANY PRODUCTS OR SERVICES SOLD IN TRANSACTIONS IN WHICH ITEX MAY ACT AS PRINCIPAL, AND BUYER SHALL LOOK SOLELY TO THE MANUFACTURER, DISTRIBUTOR OR RETAILER OF SUCH MERCHANDISE FOR ANY WARRANTY.

**2.22. Member Transactions with Brokers.** Brokers and their employees, both in the United States and Canada, are free to buy and sell in the Marketplace with ITEX dollars on their own behalf and for their own Account. Every provision of the Rules applies equally to Brokers and their employees, as well as to Members. With respect to your transactions with Brokers and their employees, you agree that (i) you will not hold ITEX responsible or liable for your transactions with Brokers and their employees, or for their content, actions or inactions, the items they list or the products and services they offer, and (ii) you will indemnify and hold ITEX harmless from any third-party claim arising from a transaction or attempted transaction with a Broker or its employees when Broker is acting as a principal to the transaction.

**2.23. Taxes.** Each Member must provide a valid and correct taxpayer identification number to ITEX before engaging in any transaction through the Marketplace. By submitting a Member application and agreeing to the terms of the Member Agreement, you represent and warrant that your taxpayer identification number and other Member Information is true, accurate and correct. Members are solely responsible to collect, remit, declare, and report all applicable federal, state, provincial, local, and municipal taxes, including appropriate sales and excise taxes and GST, resulting from any

transaction involving ITEX dollars to the appropriate taxing authorities as required by law. Under no circumstances are we responsible to pay any sales, excise, GST, use, or other taxes on behalf of any Member. Transactions involving ITEX dollars are generally treated as taxable events for federal, state, provincial, and local tax purposes. It is your responsibility to seek independent professional tax advice as needed. The declaration and reporting of applicable taxes resulting from ITEX dollar transactions rests solely with you. In the United States, we are required by law to submit a Form 1099-B for each Member Account to the IRS each year reporting the gross sales of the Account. In Canada, sale transactions are deemed within the purview of the Income Tax Act, and ITEX dollar transactions should be reported by the Member to Revenue Canada, per applicable law. You agree to indemnify and hold ITEX harmless for any actions we take to comply with federal, state or provincial, and local laws.

## 2.24. Disputes

**2.24.1. Transaction disputes concerning the quality, fulfillment, or deliverability of products and/or services purchased are between the Buyer and Seller ONLY, and ITEX has no responsibility in connection therewith other than recording transactions.** You should exercise the same discretion in evaluating Sellers, inspecting products, conducting due diligence, and ensuring delivery in ITEX dollar transactions as you do in cash transactions. We are not responsible for use of ITEX dollars by unauthorized persons or for transactions that do not comply with the Rules, nor are we under any obligation to reverse unauthorized or noncompliant transactions. ITEX is not a Buyer or Seller in any transaction unless it notifies Member in writing it is acting as principal.

ITEX offers a transaction dispute process as an option for settling disputes when Buyers and Sellers can't reach resolution themselves. It is designed to help Buyers and Sellers resolve disputes in fewer steps, and provides an option to allow ITEX to take a more active role in ensuring transaction disputes are resolved. Please note that the ITEX transaction dispute process applies only to the transaction-it is not a product warranty of any kind or a solution for Buyer's remorse.

2.24.2. In situations in which Buyer disputes having entered into a transaction, it is the Buyer's responsibility (you or an Authorized User) to complete and submit to ITEX corporate headquarters a transaction dispute form, available on the Website ("Transaction Dispute Form"). It shall be the responsibility of the Seller or the Seller's Broker to provide ITEX with written verification from the Buyer authorizing the transaction (e.g., signed ITEX check or other authorized transaction documents). If such documentation is not received by ITEX within ten (10) days of ITEX's notice of the dispute, the transaction will be reversed. We are under no obligation to reverse transactions after one hundred eighty (180) days from the date of the disputed transaction posting. Except in the case of an accounting error, if an unauthorized transaction is reversed, the Seller may still be charged the appropriate transaction fees.

2.24.3. In situations in which Buyer disputes the fulfillment or deliverability of products and/or services, it is the Buyer's responsibility (you or an Authorized User) to complete and submit to ITEX corporate headquarters a Transaction Dispute Form. For a fulfillment dispute involving a certificate or other document offering future products or services, the Buyer must include the original document with the Transaction Dispute Form. ITEX, in its sole discretion, will determine, in accordance with these Rules, whether or not the dispute warrants its involvement. In cases in which disputes are deemed valid and within 180 days of the posting of the transaction, ITEX will forward the Transaction Dispute Form to the Seller, requesting a response within ten (10) days. Upon receipt of Seller's timely response, our Transaction Dispute Department will review all available information and ITEX will determine in its sole discretion whether the transaction remains as posted, or if the transaction shall be reversed. Failure of Seller to respond to the Transaction Dispute Form will, in most cases, result in the disputed transaction being reversed. Neither ITEX nor the Transaction Dispute Department is under any obligation to review transactions after one hundred eighty (180) days from the date of the disputed transaction posting. If the disputed transaction is reversed, Buyer and Seller may still be charged the appropriate transaction fees.

2.24.4. If you have three (3) Transaction Dispute Forms filed against you which we deem to be valid disputes in accordance with these Rules, you may be deemed to be in Default (defined below) and your Account may be terminated in accordance with Section 5 - Breach of Rules; Prohibitions; Termination.

### **3.0 SERVICE AND TRANSACTION FEES**

3.1. Each Member will pay ITEX continuing service fees for record keeping and administrative services, transaction fees for sales and purchases, and other fees (collectively, "Fees"). Fees are due upon receipt of your ITEX statement. ITEX dollar fees are automatically deducted from your Account. All Fees that are not payable in ITEX dollars are sometimes referred to herein collectively as "Cash Fees." Cash Fees must be paid by cash, check, cashier's check, money order, electronic funds transfer ("EFT") or credit card. "Preferred Members," as defined below, have their Cash Fees paid with an approved credit card or EFT. Fees include the following:

3.2. **Association Fees.** \$20.00 cash and \$10.00 ITEX dollars are charged to your Account each four week accounting and billing cycle ("Billing Cycle") for your right to participate in the Marketplace.

3.3. **Transaction Fees.** Members who elect to pay Fees upon receipt of an invoice, rather than with an approved credit card or EFT, pay a seven and one-half percent (7.5%) cash transaction fee on purchases (payable by Buyer), and a seven and one-half percent (7.5%) cash transaction fee on sales (payable by Seller). Preferred Members (defined in Section 3.4 below) are charged a six percent (6%) cash transaction fee on purchases (payable by Buyer) and a six percent (6%) cash transaction fee on sales (payable by Seller). The transaction Fees may be charged on the full amount of transactions, including the cash portion of an authorized part ITEX dollar/part cash transaction.

3.4. **Preferred Member Status.** "Preferred Members" are Members who have agreed to pay Cash Fees with an approved credit card or EFT on a continuing basis. If your credit card is declined or the EFT is returned and is still being dishonored by the end of the Billing Cycle, your Preferred Member status will be revoked and your transaction Fees will be calculated at 7.5% per transaction in future Billing Cycles. Your Preferred Member status can be reestablished for the next Billing Cycle if you demonstrate that the EFT or credit card used for that Billing Cycle is not dishonored.

Preferred Members who want to remove the credit card or EFT from their Account will need to submit a request to the ITEX corporate office in writing via fax, email ([support@itex.com](mailto:support@itex.com)), or U.S. mail from the primary Account holder (or from the credit card or EFT owner, if different than the primary Account holder). Any Preferred Member with any transactional activity in a Billing Cycle will not be allowed to remove their credit card or EFT until after the applicable credit card or EFT run date has passed and applicable Cash Fees are collected by us.

3.5. **Credit Line Interest.** If your Account has a negative ITEX dollar balance at the end of any Billing Cycle, credit line interest of one percent (1.0%) per Billing Cycle (13% annually) will be charged against your Account balance in ITEX dollars.

3.6. **Cash Finance Charge/Late Fee.** A cash finance charge of one percent (1.0%), but not less than a minimum Late Fee of \$12.50, will be charged if the Cash Fees you owe are not received by ITEX within one Billing Cycle of your statement date.

3.7. **EFT Returns, Chargebacks, and NSF.** EFT returns, credit card chargebacks, and Non-Sufficient Funds (NSF) cash check returns will be charged \$25.00 cash per incident against the originating Account. Until the payment is honored by your bank or credit card issuer or until ITEX receives payment of Fees owed, your ITEX dollar balance will be frozen.

3.8. **NSF ITEX checks.** Non-sufficient Funds ITEX checks or other authorized posting documents may be charged \$25 ITEX dollars, per incident.

3.9. **Statement Fee.** A \$1.00 cash statement fee will be assessed per Billing Cycle to those Members who elect to have their ITEX statement (showing account activity and Fees owed) delivered via the United States or Canadian Postal System. The statement fee will be waived if you elect to receive your ITEX statement by email delivery or email notification, and you are a Member in good standing. The \$1.00 cash statement fee will be assessed to your Account if

your email address no longer accepts email delivery of your statement, for whatever reason, causing ITEX to send you printed statements.

**3.10. Reinstatement Fee.** A \$100 cash reinstatement fee will be assessed to Member Accounts that have been closed for three or more Billing Cycles and are reinstated by Member.

**3.11. Due Date of Cash Fees.** Cash Fees are due and payable upon receipt of your statement (Preferred Members have their Fees automatically billed to their credit card or EFT). Cash Fees are payable directly to ITEX Corporation (not to a Broker) and sent to us at the address shown on the statement. The date of receipt of your payment is the date that funds are received by us at the address designated on the statement.

**3.12. Checkbook Re-order Fee.** A \$10 cash checkbook re-order fee will be assessed on each checkbook ordered in excess of five (5) checkbooks within a calendar year.

**3.13. Fees Are Non-Refundable.** Unless otherwise agreed in writing by ITEX, your payment of Fees to ITEX is non-refundable. If Buyers or Sellers do not complete a posted transaction, the posting of a transaction is disputed, or if a previously posted transaction is reversed, we will not be obligated to refund any Fees we have received. In certain circumstances, a Fee credit may be approved and applied to your Account. In which case, the Fee credit will be reduced over time as new Fees are assessed to the Account.

**3.14. Payment of Fees.** If Cash Fees are past due on the date of the second Billing Cycle (typically fifty-six (56) days) after the date originally invoiced, you waive all rights to the use of any positive ITEX dollar balance in your Account and grant ITEX the right to freeze your ITEX dollar balance until the past-due Fees are paid.

**3.15. Modification of Fees.** We may modify our Fee policy and the Fees assessed to your Account at any time in our discretion, after we provide you with at least 28 days notice, either in writing, by email notice, or by posting the amended terms on the Website. Even in the absence of a transaction, the implemented changes will apply to your ITEX dollar balance in your Account and any pending (but not yet authorized) or future transactions by you or any Authorized User.

**3.16. Advance Payment.** ITEX may, in its sole discretion, require advance payment of Fees.

**3.17. Delinquent Accounts.** If your Account is delinquent more than two times within a period of six (6) Billing Cycles, you may be required to provide ITEX a valid credit card number or EFT, and, in so doing, you authorize ITEX to charge such credit card or EFT for all past or future Fees owed or payable by you.

**3.18. Forfeiture of ITEX Dollars.** We may close, without prior notice, any Account continuing in a delinquent status for three (3) consecutive Billing Cycles or upon Default (defined below). If we close your Account for delinquency or Default, any ITEX dollars in such Account will be forfeited unless outstanding Fees are promptly paid. In ITEX's sole discretion, the Account may be reinstated per Section 5.5 and the ITEX dollars returned to such Account if the Member pays ITEX all outstanding Fees, together with all Fees that would have accrued during the period between Account closure and its reinstatement, and a reinstatement fee, if applicable.

**3.19. Negative Account Balance Upon Account Termination.** If your Account has a negative ITEX dollar balance (where purchases have exceeded sales), regardless of whether you have been granted any Credit Line (defined in Section 4.3 below), on the date your Account is terminated or cancelled in ITEX's sole discretion, or for delinquency, Default, or at your or your Broker's request, you must deposit ITEX dollars sufficient to repay the entire negative balance into your Account within four (4) weeks of the Account termination date. After this four (4) week period, you are obligated to promptly pay ITEX any remaining negative ITEX dollar balance in the dollar equivalent of the country's currency in which your Account resides. ITEX reserves the right to charge any Fees due and the amount of any remaining ITEX dollar balance (after the four (4) week period described immediately above) against any credit cards or EFT authorizations on file. In ITEX's sole discretion, the Account may be reinstated per Section 5.5 and the negative ITEX dollar balance returned to the Account if the Member pays ITEX all outstanding Fees, together with all Fees that



would have accrued during the period between Account closure and its reinstatement, a reinstatement fee, if applicable, and Member commits to making sales to other Members.

**3.20. Joint and Several Liability.** If an ITEX Account is opened, Member and any Authorized User hereby assume joint and several responsibility for all transactions, Fees, and negative ITEX dollar balance as outlined in these Rules.

#### **4.0 ADMINISTRATION OF THE MARKETPLACE AND ITEX DOLLARS**

**4.1. Nature of ITEX Dollars.** The term "ITEX dollar" refers to a book entry with an assigned arbitrary value that serves as a practical method of recording the value of every transaction that results in a transfer of products and services among Members of the Marketplace. ITEX dollars denote the right to receive products or services available from other Members, or the obligation to provide products or services to other Members. ITEX dollars are not legal tender, securities, or commodities, are not an obligation of ITEX, and cannot be redeemed for cash or legal tender. In no event shall ITEX be required to refund, redeem or pay any amounts to any Member for any ITEX dollars, or allow conversion or liquidation of ITEX dollars into cash or legal tender. ITEX dollars may not be bought or sold for cash. The buying or selling of ITEX dollars or offers of ITEX dollars for purchase or sale for cash can lead to immediate termination of Member's Account and forfeiture without recourse of all ITEX dollar balances. Transactions found to be in violation of this provision can be reversed without notice and participating Members' Accounts closed. For purposes of transacting and record keeping within the Marketplace, for transactions in the U.S. and Canada, one ITEX dollar shall be assigned a value equivalent to one dollar of the country in which the Member's Account resides. For other currencies, transactions will be valued in the U.S. dollar equivalent of the country's currency in which the Member's Account resides. ITEX dollars shall not be transferable, and shall not be transferred, assigned, pledged or hypothecated by Members in any way, directly or indirectly, except as required for the following purposes, and in each case in accordance with these Rules:

- the bona fide payment for products and services through the Marketplace;
- the payment of Fees; and
- as otherwise provided in the Member Agreement or these Rules.

ITEX disclaims any and all responsibility for the negotiability of ITEX dollars.

#### **4.2. Member's Account**

**4.2.1. General.** ITEX is not a bank. Your Account is denominated solely in ITEX dollars (except to the extent you may be billed Cash Fees pursuant to Section 3 - Service and Transaction Fees). Your Account is not insured by the Federal Deposit Insurance Corporation (FDIC) or any other such governmental or quasi-governmental agency. All ITEX dollars generated by transactions entered into by you or any Authorized User will be commingled in your Account, and can be used (i) by you or any Authorized User as Buyers in other transactions, (ii) by us to set-off any amounts (including, but not limited to, Fees) denominated in ITEX dollars owed by Member under the Member Agreement, (iii) by us to reduce any negative Account balance arising from transactions previously entered into by you or any Authorized User. We will not pay interest on positive Account balances and do not guarantee that there will be adequate ITEX dollar reserves to cover all outstanding claims against the Marketplace.

**4.2.2. Positive and Negative Balances.** A positive Account balance (i.e. a credit balance) denotes your right to purchase products and services offered by other Members willing to accept ITEX dollars in payment for those products and services. A negative Account balance (i.e. a debit balance) creates an obligation on the Member to sell products or services to other Members to the extent of the ITEX dollar deficit, and remains a Member obligation upon Account closure (see Section 3.19).

**4.2.3. Restrictions.** We may, in our sole discretion:

- Restrict the use of ITEX dollars deposited in the Account for a transaction, for a period of time after the completion of such transaction, and thereafter pending resolution of any dispute regarding that or any other transaction posted to your Account;

- Restrict ITEX dollar deposits in the Account;
- Modify, reduce, or eliminate any Credit Line (see Section 4.3) assigned to an Account, for any reason or for no reason, with or without prior notice to Member;
- Require transaction fees for any given transaction(s) to be pre-paid to ITEX;
- Require escrow, vesting or other procedures before the Member can use ITEX dollars in the Account, or
- Cancel, freeze, and/or otherwise restrict sales, purchases, or the use of ITEX dollars in the Account by the Member in connection with a Default by Member (see Section 5 - Breach of Rules; Prohibitions; Termination).

4.2.4. **Sub-Accounts.** An Account (parent account) may have sub-accounts, subject to the following provisions:

- A completed Membership Application is required to set up a sub-account;
- The parent account must remain in good standing;
- The parent account will be assessed \$5 cash and \$5 ITEX dollar association fees for each sub-account each Billing Cycle;
- No transaction fees will be assessed on sub-account activity (rather, the parent account will be assessed a one-time transaction fee when transferring ITEX dollars to the sub-account);
- The sub-account may only receive ITEX dollars from the parent account. The sub-account may NOT sell to other Members;
- No ITEX dollar credit line will be given to a sub-account;
- If the parent account becomes delinquent in Cash Fees owed to ITEX or is otherwise in Default (as defined in Section 5.2.1), sub-accounts will be frozen, preventing any purchases by sub-accounts until the parent account is brought current; and
- If the parent account is closed, sub-accounts will need to either become full fee-paying Members or go into Spend Down status immediately (see Section 5.4).

4.2.5. **Inactive Status.** ITEX, you, or a Member's assigned Broker may classify your Account as "Inactive." Inactive status allows a Member to spend their remaining ITEX dollar balance without requiring the prepayment of the transaction Fee on the ITEX dollar balance. While in Inactive status, you are still subject to Fees defined in Section 3 (Service and Transaction Fees). An Account placed in Inactive status will be prohibited from making sales in the Marketplace and all Member Listings (including the Business Description) will be removed from the Website.

4.2.6. **On Hold Status.** You may initiate On Hold status with respect to the products and services offered by you as a Member, ONLY during the Cycle(s) you maintain a positive ITEX dollar balance. To initiate On Hold status, you must (i) give advance written notice to your assigned Broker and (ii) inform other Members who call for products and services that you are in On Hold status and will be accepting ITEX dollars in the near future. While in On Hold status, you are still subject to Fees defined in Section 3 (Service and Transaction Fees); however, your Member Listings (including your Business Description) will be removed from the Website.

4.2.7. **Abandoned Account.** An Account will be considered abandoned if Member has not entered into a transaction over any period of twenty (20) consecutive Billing Cycles. We may, in our sole discretion, terminate an abandoned Account in accordance with Section 5 - Breach of Rules; Prohibitions; Termination (regardless of whether the abandoned Account has a positive or negative Account balance), and any positive Account balance will be transferred out of the Account. Member will not receive any value for such positive Account balance. If the Account has a negative Account balance at the time of termination, you agree to pay ITEX an amount equal to the U.S. dollar equivalent of the negative Account balance (see Section 3.19). In ITEX's sole discretion, abandoned accounts may be reinstated per Section 5.5.

4.2.8. **Security Interest.** You hereby grant ITEX a security interest in all ITEX dollars credited, and to be credited to your Account, to secure the amount of all of your unpaid Fees and other obligations to ITEX (whether payable in ITEX Dollars or cash), whether incurred by you or any Authorized User. If Member becomes insolvent or bankrupt, all Cash Fees shall be due and payable in full. ITEX shall have the option, in lieu of filing as a

creditor, of treating the ITEX dollar balance as equal in value to the amount of Cash Fees owing, and terminating the Account; provided however, that if ITEX does receive all of its Cash Fees in full, ITEX shall reinstate, per Section 5.5, the ITEX dollars to the Member's Account.

**4.2.9. Special Offers and Promotions.** We may, in our sole discretion, make special offers and promotions, such as reduced Fees, incentives or other benefits, available to all or some Members without creating any obligation on our part, other than as explicitly set forth in such offers or promotions, including, without limitation, any obligation to continue such offers or promotions on an ongoing basis. We may also enter into contracts with third party providers to offer their products or services to Members through the Marketplace in exchange for payment from Members partially in the currency of the country in which the Member's Account resides and partially in ITEX dollars. We, at our sole discretion, may designate an exclusive provider of particular classes of products or services within the Marketplace and prohibit other Members from transacting such classes of products or services during any period of exclusivity granted to the third party provider.

**4.2.10. Access to Other Trade Exchanges.** We may, in our sole discretion, permit trading between Members of the Marketplace and other ITEX approved trade exchanges. Before Member engages in transactions with members of other ITEX approved trade exchanges, Member may be required to agree to, and comply with, any rules and terms and conditions required by the other trade exchange. We reserve the right to suspend or end trading on any other exchange at any time and for any reason, or no reason, without liability.

**4.3. ITEX Dollar Extensions of Credit.** You understand and acknowledge that all aspects of ITEX dollar extensions of credit ("Credit Line") are within the sole discretion of ITEX. Members wishing to apply for a Credit Line may be required to (i) submit a line of credit application and financial statements, (ii) sign credit agreements or promissory notes, (iii) provide a guarantee; (iv) provide collateral or (v) prepay Cash Fees prior to approval. We may, in our sole discretion and without liability to Member or any Authorized User, at any time for any reason or no reason, without prior notice, change the amount of or revoke a Member's Credit Line.

Any Account owing past-due Cash Fees on the date of the second Billing Cycle (typically fifty-six (56) days) after the date originally invoiced, may have any Credit Line immediately revoked by ITEX, at that time or any time thereafter, unless or until all Fees are paid in full.

**4.4. Allocation of Products and Services in Short Supply.** Member acknowledges that allocation of products and services in short supply may be managed by ITEX directly or through an assigned Broker and may not be available for Member to purchase. We may in our sole discretion, or the request of a Seller or your assigned Broker, determine that some Members be designated as "Broker Managed" Accounts and that all contact and transactions be handled through an assigned Broker. You acknowledge that certain Member Accounts may be primarily or solely for the use of ITEX, its Brokers or employees. With respect to those Accounts, we, our Brokers, and their employees will be subject to these Rules in the same manner as Members.

**4.5. Compliance with Rules and Policies.** Member and each of its Authorized Users shall adhere to all of ITEX's Rules and policies, as amended from time to time, posted on the Website or otherwise provided to such Member, including the Privacy Policy, our Fee Policy (set forth as Section 3 - Service and Transaction Fees), and policies providing additional terms and conditions related to specific products or services offered in the Marketplace (e.g. see Section 2.5 - Legal Right to Sell Listed Products and Services).

## **5.0 BREACH OF RULES; PROHIBITIONS; TERMINATION**

**5.1. Rule Violations.** Violations of these Rules may result in termination of your Account and immediate adjustment to the transactions involved, and may result in the assessment of increased Fees and/or prepayment of Fees as specified herein. We have the right, but are not obligated, to inquire into complaints of Rule violations by Members. You grant to ITEX the right to take such actions, which, in our sole discretion, are deemed necessary to adjudicate or resolve such complaints to the satisfaction of ITEX. Without limiting other remedies, for violation of these Rules we may limit, suspend, or terminate our Services to you, limit, suspend, or terminate your Member Account or your right to transact

in the Marketplace, prohibit access to our Website, delay or remove posted content and your Member Information, take technical and legal steps to keep you off the Website, reverse disputed transactions, and close Accounts that are delinquent, abandoned or in Default.

## 5.2. Default; Remedies Upon Default

**5.2.1. Definition of Default.** Among other things, a Member is in default of the Member Agreement to which these Rules are appended ("Default") if any one of the following occurs:

- (a) Member does not make a required Fee payment by the due date;
- (b) Member becomes generally unable to pay its debts or obligations (including, but not limited to, a negative ITEX dollar Account balance) as and when they become due;
- (c) Member provides ITEX with any false or misleading Member Information (defined in Section 4.1(b) of the Member Agreement) or Member Information (defined in Section 6 of these Rules- Intellectual Property; Website Usage; Member Information), a false signature on the Member Application, transaction documents or other documents, or Member fails to notify ITEX if any such Member Information previously provided becomes false or misleading;
- (d) Member ceases to do business as an ongoing concern or, in the case of individuals, such Member dies, becomes incapacitated or otherwise incapable of decision-making;
- (e) A petition in bankruptcy is filed against, or proceedings for dissolution, winding up or liquidation are instituted, by or against Member under the U.S. Federal Bankruptcy Code or any similar laws;
- (f) We believe that the likelihood of Member performing its obligations under these Rules or the Member Agreement has been impaired;
- (g) Member is found, or is reasonably believed by us, to have engaged in deceitful transaction practices or otherwise fraudulent, undesirable or harmful conduct as determined by ITEX;
- (h) Member violates these Rules (inclusive of any policies or documents it incorporates by reference) or breaches the Member Agreement;
- (i) ITEX cannot verify or authenticate information delivered by such Member to ITEX or other Members, or placed on, in or through the Marketplace by such Member;
- (j) Member is in default of any obligation to ITEX, another Member, or any third party relating to your obligations under this Member Agreement;
- (k) Member is the subject of an investigation by a government agency or other authority;
- (l) ITEX concludes in its sole discretion that any act or omission of Member may cause legal liability for ITEX, the Member, other Members or Brokers;
- (m) Member is in violation of any local, state, provincial, or federal law, relating to Member's obligations under this Member Agreement and use of the Marketplace;
- (n) Member engages in overpricing, "Check Passing," or "Direct Transactions" (defined below); or
- (o) Any of the events described above with respect to a Member occurs with respect to any Authorized User.

**5.2.2. Remedies Upon Default.** Upon Default by Member, ITEX has the right, at its election then or at any time thereafter, to take, without limitation, one or more of the following actions in addition to any other remedies at law or in equity that may be available:

- Terminate Member's Account (see Section 5.3);



- Declare any negative ITEX dollar Account balance and any Fees arising from transactions entered into by such Member or any Authorized User, to be immediately due and payable to ITEX in an amount equal to the dollar equivalent of the negative Account balance in the country's currency in which the Member's Account resides, with or without prior notice to Member;
- Immediately delete any Listings or other information of Member;
- Require modification of payment terms, Fees, and/or prepayment of Fees, in order to continue or reinstate access or use by Member of Services provided by the Marketplace;
- Temporarily suspend, indefinitely suspend, or terminate the rights of Member to transact in (as a Seller and/or Buyer), access, or otherwise use the Marketplace or ITEX dollars in the Account;
- Issue a warning to such Member, and/or
- Refuse to provide Services to Member.

### 5.3. Termination

5.3.1. **Termination by ITEX.** We reserve the right to terminate membership or use of an Account by any business or individual, with or without prior notice, in our sole discretion, whether upon Default by Member, for any other reason, or for no reason.


5.3.2. **Termination by Member.** You may terminate your Account upon twenty-eight (28) days written notice to ITEX.

5.3.3. **Effects of Termination.** If your Account is terminated for any reason, the following apply:

(a) All Fees outstanding become due and payable;

(b) No Fees will be refunded; and

(c) Any Member with a negative ITEX dollar Account balance (where purchases have exceeded sales) must balance its Account by depositing ITEX dollars sufficient to repay the entire negative balance into it within four (4) weeks of termination date. After this four (4) week period, Member is obligated to promptly pay ITEX any remaining negative ITEX dollar balance in the dollar equivalent of the country's currency in which the Member's Account resides. ITEX reserves the right to charge any Fees due or the amount of any remaining negative ITEX dollars balance against any credit cards or EFT authorizations on file.



5.4. **Spend Down Status.** If either party terminates your Account and your Account has a positive ITEX dollar balance (where sales exceed purchases), the Account may be placed in "Spend Down status," after ITEX is paid any Fees then owing plus the transaction Fee on the positive balance. Spend Down status shall mean you will have twelve months to spend the positive balance in your Account. When an Account is in Spend Down status, (i) all transactions will continue to be governed by the terms and conditions of the Member Agreement, and (ii) the Account is restricted from any further deposits of ITEX dollars. Spend Down accounts are assessed the \$1 cash statement Fee if Member elects printed statements (see Section 3.9). At the end of the twelve-month period following the conversion to Spend Down status, ITEX, in its sole discretion, may either terminate the Account, regardless of any remaining positive ITEX dollar balance, or may opt to assess an annual maintenance fee of \$200 ITEX dollars on the anniversary date of the conversion to renew the Spend Down status for an additional year until the Account's balance is reduced to zero and the Account is closed. You may forfeit your positive ITEX dollar balance by so instructing ITEX in writing and no further fees will be assessed.

5.5. **Reinstatement of Member Account.** Upon completion of a Reinstatement Application and the approval of ITEX, a Member Account will be reinstated and any ITEX dollar balance restored upon Member's payment of any outstanding Fees, together with all Fees that would have accrued during the period between Account closure and its reinstatement, and a \$100.00 cash reinstatement Fee, if applicable (see Section 3.10 - Reinstatement Fee). Member will be reinstated under the then-current Member Agreement and Fee Policy rates as published on the Website and may be required to pay Fees with approved credit card or EFT on a continuing basis.

**5.6. Direct Transactions and Check Passing.** A "Direct Transaction" is a transaction whereby two Members directly exchange their products or services for the purpose of avoiding Fees due to ITEX. "Check Passing" occurs when a Seller directs a Buyer to make out an ITEX check or other Buyer authorized transaction documents to a third party. No Member shall issue or accept an ITEX check with the Seller's name, account number or amount of the ITEX check left blank or accept a third party ITEX check. It is also deemed Check Passing and/or a Direct Transaction for one Member to make purchases for another or to allow another Member to make purchases utilizing its Account. Direct Transactions and Check Passing between Members are prohibited, and if consummated, at the sole discretion of ITEX one or both parties are subject to a fifteen percent (15%) cash transaction Fee assessed on the value of the ITEX dollar transactions involved in the Direct Transactions or Check Passing, payable upon demand. When ITEX learns of Check Passing or Direct Transactions, ITEX has the right to modify and/or post transactions to each Member's Account to properly reflect the transaction, with or without written consent of the Buyers or Sellers. Direct Transactions and Check Passing may also result in suspension of transaction privileges or termination of Member's Account.

**5.7. Spend Out/Cancellation.** If ITEX reasonably believes that a Member is spending out its ITEX dollar balance in anticipation of canceling future participation in the Marketplace, or if Member has requested termination of its Account, then ITEX may require the prepayment of cash Fees on the remaining ITEX dollar balance held in Member's Account.

## **6.0 INTELLECTUAL PROPERTY; WEBSITE USAGE; MEMBER INFORMATION**

**6.1. Intellectual Property Rights.** All ITEX trademarks, logos, all right, title and interest in and to the Website contents, including any and all copyrights, data, URLs, domain names, technology, software, codes, user interfaces, and "look and feel" are the property of ITEX, or ITEX has the right to use them, and may not be used without the prior written consent of ITEX.

### **6.2. Website Usage.**

**6.2.1. Permitted Use.** Member has a nonexclusive, nontransferable, limited, and revocable right to use the Website solely for Member's personal and business use in conducting transactions in the Marketplace and between Marketplace Members. Member will not use the Website for any other purpose, including any commercial purpose, without ITEX's express prior written consent. For example, Member will not, and will not authorize any other person to, (i) co-brand the Website or portion thereof, or (ii) frame the Website or portion thereof (whereby the Website or portion thereof will appear on the same screen with a portion of another web site). "Co-branding" means to display a name, logo, trademark, or other means of attribution or identification of any party in such a manner reasonably likely to give a Member the impression that such other party has the right to display, publish, or distribute the Website or content accessible within the Website (the "Content"). Member agrees to cooperate with ITEX in causing any unauthorized co-branding, framing, or linking to immediately cease.

**6.2.2. All Rights Reserved.** You may not copy or print more than two copies of material posted on the Website, including the Content. Content published by ITEX on the Website may contain proprietary notices or describe products, services, processes, or technologies owned by ITEX or third parties. Except as expressly set forth herein, nothing contained herein shall be construed as granting you a license under any copyright, trademark, patent or other intellectual property right of ITEX or any third party. Except as expressly granted under the Rules, all rights are reserved by ITEX.

**6.2.3. Disclaimer.** You may have access to a variety of sources of content on and through the Website, including links to third-party websites. ITEX does not verify the accuracy or suitability of any information contained in any such third-party sources. Accordingly, ITEX will have no liability or responsibility whatsoever for any content contained within any such sources. You will access, use, and rely upon such content at your own risk. ITEX has no control over and accepts no responsibility whatsoever for such materials. You understand that, except for information, products or services clearly identified as being supplied by ITEX, ITEX does not operate, control or endorse any information, products, or services on the Website, or accessed through the Website, in any way, whether offered by Members or Brokers. You also understand that ITEX cannot and does not guarantee or

warrant that files available for downloading from the Website, or from content accessed through the Website, will be free of infection or viruses, worms, Trojan horses, or other code that manifest contaminating or destructive properties. Each Member is responsible for implementing sufficient procedures and checkpoints to satisfy Member's particular requirements for accuracy of data input and output, and for maintaining a means external to the Website for the reconstruction of any lost data. ITEX does not assume any responsibility or risk for Member's use of the Website or the Internet. ITEX expressly disclaims all warranties with respect to any content accessible within or through the Website, express, or implied, including any implied warranty of merchantability, fitness for a particular purpose, title, or non-infringement.

**6.2.4. Forums.** Information posted on forums, bulletin boards, blogs, our social media pages, or portions of the Website ("Forums") is supplied by third parties and other Members unless ITEX or its authorized representative identifies itself as the poster of such information. Any opinions, advice, statements, services, offers, or other information or content expressed or made available by third parties or any other Member are those of the respective author(s) and not of ITEX. Member will not post any of the following material in any Forum:

- material which threatens or abuses others, or which is defamatory, libelous, or invasive of another's privacy;
- material which Member does not have the right to post, including the proprietary material of any third party;
- material which advocates illegal activity or discusses an intent to commit an illegal act;
- material which is illegal, misleading, defamatory, indecent, obscene, in poor taste, threatening, infringing of any third party proprietary rights, invasive of personal privacy, exposes or potentially exposes ITEX, its Brokers, its licensors, Content providers, service providers, and contractors to civil or criminal liability or public ridicule, or is otherwise objectionable; or
- material that does not pertain directly to the subject matter of the particular forum.

ITEX reserves the right to monitor Forums to determine compliance with the Member Agreement, as well as the right to remove or refuse to post any posting, including any of the above postings upon discovery thereof. Notwithstanding these rights, Member remains solely responsible for the content of its postings. Member acknowledges and agrees that neither ITEX, nor any third party content provider, will assume or have any liability for any action or inaction by ITEX, or any third party content provider, with respect to any posting on the Forums. Member will not (i) select or use a Member name or e-mail address of another person with the intent to impersonate that person; (ii) use a Member name or e-mail address subject to the rights of any person without authorization; (iii) use a Member name in violation of the intellectual property rights of any person; or (iv) use a user name that ITEX, in its sole discretion, deems obnoxious or offensive. Further, Member hereby grants to ITEX the royalty-free, perpetual, irrevocable, non-exclusive right, and license to use, reproduce, modify, adapt, publish, translate, create derivative works from, distribute, perform, and display any message posted in Forums (in whole or in part) worldwide, or to incorporate any message in other works in any form, media, or technology now known or later developed.

### 6.3 Member Information

6.3.1. "Member Information" means the personal, business and other information, content and other material that you (or any person(s) using your Member ID and password) submit to the Website, or otherwise provide to ITEX or its Brokers for use in the Marketplace, including all text, graphics, illustrations, symbols, logos, names, addresses, trade names, trademarks, service marks, pictures, photographs or other likenesses of persons (including minor persons), and endorsements provided by you or by a third party on your behalf. If you (or any person(s) using your Member ID and password) submit to the Website, or otherwise provide ITEX with Member Information, such Member Information will be deemed to be non-confidential, and ITEX assumes no obligation to protect such Member Information from disclosure (and assumes no obligation to publish such Member Information and no other obligation of any kind with respect to such Member Information). Member Information:

- Shall not be not false, inaccurate or misleading;

- Shall not include materials that constitute or encourage conduct that would constitute a criminal offense, give rise to civil liability, or otherwise violate any law, regulation, ordinance, rule, or industry (or similar) standard;
- Shall not infringe, plagiarize or violate any third party's copyright, patent, trademark, trade secret, other proprietary rights, rights of publicity, or privacy;
- Shall not be illegal, misleading, defamatory, indecent, obscene, in poor taste, threatening, harmful, abusive, harassing, false, vulgar, sexually explicit, profane, hateful, racially or ethnically objectionable, expose or potentially expose ITEX, its Brokers, or its agents to civil or criminal liability, public ridicule, or otherwise result in any actionable injury, damage, or harm to any third party;
- Shall not create any liability for ITEX or cause ITEX to lose (in whole or in part) the products or services of our suppliers or partners;
- Shall not include descriptions of, or otherwise offer to sell, products or services that violate ITEX policy or that are otherwise prohibited under the Rules (inclusive of any documents it incorporates by reference);
- Shall include all required and appropriate warnings, information and disclosures in connection with listing, buying, or selling products and services by Member on, in, or through the Marketplace, including, but not limited to, disclosure on: (i) all amounts to be paid by Buyer, including, but not limited to, any sales or other taxes and shipping costs, (ii) shipping information (if applicable), customer service, warranties, exchange/refund policies, and (iii) all applicable restrictions and all disclosures required by law;
- Shall be promptly updated by Member as necessary or appropriate to keep all of Member's Information (including, but not limited to, Listings) current, complete, and accurate;
- Shall not contain a virus or other harmful component, files, or programs that interrupt, destroy, or limit the functionality of any computer software or hardware, or telecommunications equipment; and
- Shall not contain any materials for which Member does not have all necessary rights and licenses to transmit under any law, or under contractual or fiduciary relationships.

6.3.2. **License.** Member shall own or have all rights in and to all Member Information sufficient to make a license grant to ITEX, without subjecting ITEX to claims of intellectual property infringement by virtue of our use of such Member Information. Member grants to ITEX during the term of the Member Agreement, an absolute, fully paid, irrevocable, perpetual, royalty-free, transferable, worldwide, unrestricted, right, license and authority to:

- use, store, reproduce, adapt, delete, publish, translate, publicly perform, display, distribute, disclose, manipulate, modify, and prepare derivative works based upon any Member Information that you submit or otherwise provide to ITEX, in whole or in part, in such manner, format, and media as ITEX may see fit in its sole discretion, and for such purposes as ITEX may see fit in its sole discretion, without compensation to you; and
- grant to third parties (through multiple tiers) the right, sublicense, and authority to exercise all or any portion of the rights granted to ITEX in this paragraph, subject to such terms and conditions as ITEX may deem appropriate in its sole discretion, without compensation to you.

6.3.3. You agree and understand that ITEX may, in its sole discretion for any reason, and without any prior notice or liability, delete any files that you may maintain at the Website, and any material you may choose to post there. You should keep a copy of any material that you maintain or post at the Website because ITEX will not undertake to retain copies of any material that ITEX or others may delete from the Website.

## Prohibited or Restricted Products and Services Policy

Before Listing your product or service for sale in the Marketplace, make sure it is permitted and find out whether it is subject to certain restrictions. This helps avoid potential problems with your Listing. Please review the information below. You also need to ensure that the sale of your item complies with the law and that you are appropriately licensed.

Violations of these policies may result in a range of actions, including:

- Suspension or termination of our Services to you or your Account
- Adjustment or reversal of disputed transactions
- Removal of posted content or your Member Information
- Limits on your access to the Website or right to transact in the Marketplace
- The assessment of increased Fees
- Forfeiture of ITEX dollars

When we determine that a violation of the Rules has occurred, we may contact or email you to let you know that the Listing was removed or other action was taken. Although we may act to enforce the Rules, ITEX has no obligation to monitor or evaluate Members' actions or inactions, or the fairness or lawfulness of any transaction conducted through the Marketplace. As a third party administrator of the Marketplace, ITEX is not involved in any actual transaction between Buyers and Sellers. We do not endorse the accuracy, reliability, integrity, or legality of any information provided by Members, Brokers, and third parties available through the Marketplace.

You can report violations of Members by clicking the [Contact Us](#) link located on most of our pages.

### General Requirements

**Compliance with Law; Licensing.** No Member shall offer for sale or purchase any product or service through the Marketplace in a manner that violates federal, state, provincial, and local law. No offer to sell or purchase any such prohibited product or service shall be deemed to be authorized by ITEX. Only Members holding the appropriate license may sell products and services that are permitted to be sold only by licensed sellers under federal, state, provincial, and local law, including but not limited to travel services, alcohol, real estate, insurance and professional services.

**Specific Policies.** The following policies provide additional terms and conditions related to specific products and services offered in the Marketplace:

- [Real Estate Policy](#)
- [Travel Service Policy](#)

Each of these policies may be changed from time to time. Changes take effect when we post them on the Website. All such policies or rules are hereby incorporated into these Rules.

**Listings and Posted Information.** It is also important to review the Rules about [website usage](#), [intellectual property](#), [Member Information](#) and any specific information posted on our Website to check if your item or posted information is subject to additional restrictions that would affect your Listing.



**Prohibited and restricted items list:**

**Due Bills.** "Due Bills" denote the right to receive, in the future, products from or services to be provided or performed by the selling Member or a third party (that may or may not have an ITEX Account). Due Bills include such items as certificates, vouchers, coupons and pre-paid cards. Although not prohibited in the Marketplace, ITEX strongly discourages Members from buying Due Bills and does not endorse the sale of Due Bills in the Marketplace, or guarantee or warrant Due Bills in any manner. The resolution of disputes involving a Due Bill is solely between Buyer and Seller, and the ITEX transaction dispute process may not be available for this purpose (see Section 2.24 of the Rules).

Due Bills are particularly risky because the product or service provider may not exist when the performance is demanded, despite the best of intentions. Buyers of Due Bills should communicate directly with the Seller, authenticate Seller's identity, and perform all due diligence before entering into a transaction.

A Broker may not list a Due Bill for a third party Seller, who is not an ITEX Member, unless Broker agrees to guarantee the performance of the transaction. If performance under the Due Bill does not occur, Broker is responsible to reimburse Buyer for all ITEX dollars and transaction Fees expended by Buyer on the transaction.

## Real Estate Policy

Due to the wide variety of laws governing the sale of real estate, any advertisements of real property in the Marketplace do not involve legally binding offers to buy and sell. Instead, the Marketplace is a way for Sellers to advertise their real estate and meet potential Buyers.

**Role of ITEX.** To accommodate Buyers and Sellers in the Marketplace, we allow certain advertisements of real estate. All offers to sell real property are solicitations by the Seller and not by ITEX. As a third party administrator of the Marketplace, ITEX is not involved in the actual transaction between Buyers and Sellers. We have no control over, and make no representations about, the quality, safety, or legality of the properties advertised, the Sellers of such properties, the truth or accuracy of the information posted by Sellers, the ability of Sellers to sell property, or the ability or financial capabilities of Buyers to buy the property. We cannot ensure that a Buyer or Seller will actually complete a transaction.

ITEX is not responsible for, and does not engage in, brokering, selling, purchasing, exchanging, or leasing posted properties or providing a "multiple listing service" as that term is traditionally used. ITEX does not provide legal advice to, or counsel Buyers or Sellers, show properties, negotiate sales contracts, or hold a position of trust and confidence with respect to any Marketplace transaction involving real property. Accordingly, no brokerage relationship or any agency or fiduciary relationship is intended to be or shall be deemed to have been created between ITEX and any Seller or Buyer of real estate.

**Real Estate Licensees.** A Member or Broker may not list real estate for a third party or another Seller unless he or she is a licensed real estate professional in the jurisdiction in which such offered property is located. The legal owner of the property may offer real estate in the Marketplace.

Sellers who are licensed as an agent, broker, or other licensed real estate professional must ensure that their Listing description conforms to all laws and regulations applicable to advertising of properties by such licensees. These requirements may include, among other things, disclosure of the licensee's name, any firm with which the licensee is affiliated, office location, and the jurisdiction(s) where the licensee is licensed.

Members may wish to visit the Web site of the [Association of Real Estate License Law Officials](#), which offers a search tool providing access to a database of information about the current license or registration status of real estate licensees.

**Professional Assistance.** Members are strongly advised to seek the help of a licensed real estate professional or real estate attorney to help you in the negotiation, purchase, or sale of any real estate. The purchase and sale of real estate is a complicated matter that is governed by laws, practices, and customs that vary significantly from locality to locality. Sellers are advised that many jurisdictions require that you provide a disclosure statement to all prospective buyers regarding the condition of your property. In addition, under U.S. federal law, sellers have an obligation to disclose information on lead-based paint hazards.

**Real Estate Transactions.** Any Member that conducts or participates in a transaction involving the sale or lease of real estate agrees to the following:

- Any real estate transaction conducted in the Marketplace shall not be deemed a legally binding contract until all requisite documents have been executed by Buyer and Seller and the transaction has been completed in accordance with the laws of the jurisdiction in which such property is located.
- Seller is the legal owner of that property; or the property is listed by a Member or Broker who is a licensed real estate professional in the jurisdiction in which such offered property is located.
- Buyer is responsible to conduct its own due diligence related to property inspection, title review, building code compliance, termite inspection, flood plain, hazardous materials, and other local issues transparent only to an expert.
- Buyer may be required by ITEX to complete a Release of Liability, Waiver of Claims and Assumption of Risk Agreement releasing ITEX from claims related to the transaction prior to completing a real estate transaction.

- Customary Marketplace transaction Fees assessed on the ITEX dollars utilized in real estate transactions shall not be deemed to be real estate commissions.
- Selling an undivided interest in a land real estate property is not permitted. An undivided interest is defined as a partial interest by two or more people in the same property.
- All real estate advertising in the Marketplace is subject to the Federal Fair Housing Act, which makes it illegal to advertise "any preference, limitation, or discrimination because of race, color, religion, sex, handicap, familial status, or national origin," as well as state and local requirements.



## Travel Service Policy

Due to many state laws governing the sale of travel and travel-related items (including vacation packages, air or sea travel, lodging accommodations, hotel and resort stays, timeshares, gift certificates, or vouchers or coupons to be redeemed for future travel or accommodations), Members and Brokers who want to list travel-related items agree to the following:

**Role of ITEX.** To accommodate Buyers and Sellers in the Marketplace, we allow certain advertisements of travel-related items. All offers to sell travel services or travel-related items are solicitations by the Seller and not by ITEX. As a third party administrator of the Marketplace, ITEX is not involved in the actual transaction between Buyers and Sellers. We have no control over, and make no representations about, the quality, safety, or legality of the travel services or travel-related items advertised, the Sellers of such services or items, the truth or accuracy of the information posted by Sellers, the ability of Sellers to sell travel services or travel-related items, or the ability or financial capabilities of Buyers to buy the travel services or travel-related items. We cannot ensure that a Buyer or Seller will actually complete a transaction.

ITEX is not responsible for, and does not engage in, brokering, selling, purchasing, or exchanging any listed travel services or travel-related items nor is it licensed or registered as a "Seller of Travel" in any jurisdiction. ITEX does not provide legal or other advice, or counsel, to Buyers or Sellers, negotiate contracts for travel services or travel-related items, or hold a position of trust and confidence with respect to any Marketplace transaction involving travel and travel-related items. Accordingly, no agency or fiduciary relationship is intended to be or shall be deemed to have been created between ITEX and any Seller or Buyer of travel services or travel-related items.

**Due Bills.** Certificates or vouchers representing the right to receive travel-related items or services in the future are subject to our Rule limitations on Due Bills. See "Prohibited or Restricted Products and Services Policy - Due Bills."

**Providers of Travel Services or Lodging Accommodations.** Businesses that actually provide travel services or lodging accommodations, such as airlines, trains, hotels, resorts, and cruise ships, may list and offer items such as their own gift certificates, airline tickets, lodging, cruises, or vacation packages (including timeshares for rent listed by a timeshare owner). As providers of the actual travel service or travel-related item, they are typically exempted from seller-of-travel laws and may not need to provide travel registration or licensing information. However, they must clearly identify themselves in the Listing as the actual provider of the travel services or travel-related items offered.

**Individuals.** Individual travelers who are not in the business of selling travel services or lodging accommodations, but simply wish to sell an unused air or sea related travel voucher, coupon, travel miles, upgrades or gift or other certificate, or list their own timeshare weeks for rent, may offer no more than one travel-related item per Cycle provided that the item is not a "Travel Club Membership" or a "Vacation Certificate" (defined below). Such individual Sellers may play no role in arranging any travel other than delivering the item. Since many airline tickets, vouchers, and frequent flier miles are not transferable, Seller is responsible to review any travel-related item before Listing to make sure that it can be transferred legally to a Buyer and will be accepted by the issuing provider of travel services.

**Businesses Selling Third-Party Travel Services or Lodging Accommodations, including Travel Agents.** Businesses, Members, and Brokers who sell or arrange wholesale or retail air, sea, land or water vessel transportation, either separately or together with other travel services or accommodations (but do not directly provide the travel service themselves), or who sell or arrange wholesale or retail lodging accommodations (including vouchers or coupons to be redeemed for future travel or accommodations), may sell the travel services or travel-related items (including airplane tickets, cruise trips, vacation packages, lodging accommodations, hotel and resort stays, timeshares, gift certificates, and vouchers or coupons to be redeemed for future travel or accommodations) on the Marketplace only if they are registered or licensed as Sellers of Travel in all applicable states. Your Listing must clearly set out your Seller of Travel registration number, the disclosures required by state law, as well as any other license or registration information required in other states.

Businesses, Members, and Brokers may not offer a "Travel Club Membership" or a "Vacation Certificate" (defined below). Travel clearinghouse affiliates, that are not actual agents booking the travel themselves, may not list travel services on the Marketplace.

**Travel Club Memberships and "Vacation Certificates."** Listings of "Travel Club Memberships" or "Vacation Certificates" or similar items by any Member or Broker are not permitted.

"Travel Club Memberships" include any service, card, or identification number that offers to give the holder the right to free or discounted travel, for example, certificates that entitle the holder to some travel-related benefit (such as free or low-cost hotel stays) with a variety of travel providers.

"Vacation certificates" are documents that are not issued directly by a single provider of travel, but by travel wholesalers, consolidators, or other middleman. These certificates generally offer the holder free or low-cost travel services with a choice of multiple hotel chains, resorts, or airlines, the exact location often being at the choice of the buyer or seller. These certificates are regulated in many states and in many cases require additional purchases.

#### **All Listings of Travel and Travel-Related Items**

- **Fees and Taxes.** You must disclose the kind and amount of any special fees associated with your travel Listing in the item's description (including processing, registration, cleaning, and deposits), and must include them in the Listing price. Taxes paid to government agencies do not have to be included in your Listing price, but the amounts need to be clearly stated in the Listing's description.
- **Listing Restrictions.** All Sellers of travel and travel-related items (other than the excluded individuals described above) may be subject to verification of their seller-or-travel registration status and must make such representations and warranties and disclaimers in their Listings as may be required by ITEX from time to time, in a text size and color that can easily be seen and read by all potential Buyers.

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**EXHIBIT 19**

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# ITEX Launches Virtual Currency Systems

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## Cloud-Hosted Software Platform

BELLEVUE, Wash., March 12, 2014 /PRNewswire/ – Virtual Currency Systems (<http://www.virtualcurrencysystems.com/>) ("VCS"), a subsidiary of ITEX (<http://www.itex.com/>) Corporation (OTCQB: ITEX), today announced at the 26<sup>th</sup> Annual Roth Capital Conference at the Ritz-Carlton in Dana Point, California, it is offering licenses for its cloud-hosted virtual currency software platform to businesses and entrepreneurs worldwide.

ITEX Corporation, The Membership Trading CommunitySM, utilizes the platform to power its own b2b business model and virtual currency, the ITEX dollar. VCS is offering the hosted operating system to enterprising businesses and end users interested in creating a centralized virtual currency model. A centralized system determines the amount of currency in circulation, based on many factors, including the needs of its consumer or business customers.

"Virtual currencies that supplement cash, check and credit card transactions or are used as promotional or reward tools are increasingly used in a variety of business models. As the marketplace becomes more innovative and the acceptance of these currencies grows, VCS is well positioned to support the development of this emerging industry," stated Steven White, CEO of Virtual Currency Systems.

"Encrypted digital currencies like Bitcoin, Ripple or Litecoin are decentralized peer-to-peer payment platforms without a centralized authority. In contrast, VCS utilizes a centralized system where the licensee determines by its own policies and business objectives how to distribute, market, redeem and/or convert its own branded virtual currency."

Mr. White concluded, "Our virtual currency platform is hosted on Windows Azure, a global cloud platform that offers the scalability and reliability that VCS requires to run efficiently."

### About ITEX

ITEX, The Membership Trading CommunitySM, is a leading marketplace for cashless business transactions. Our business services and virtual currency payment system allows member businesses to transfer value to acquire products and services without exchanging cash. We generate revenue by charging members percentage-based transaction fees and

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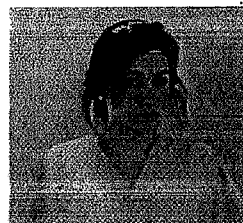
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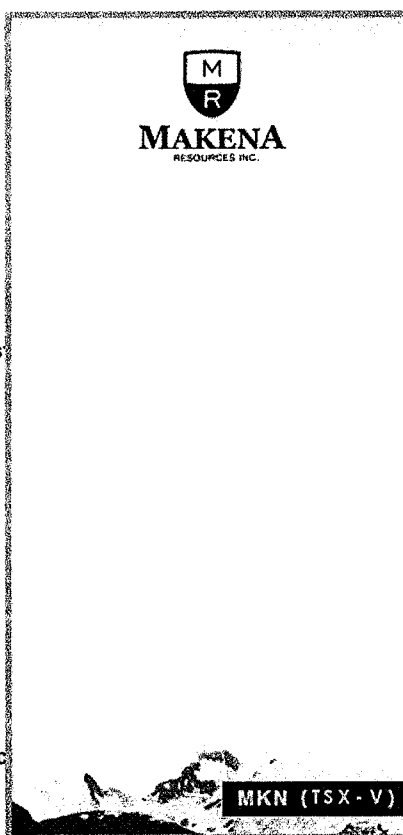
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### New York Residents Alarmed



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*This press release contains forward-looking statements that involve risks and uncertainties concerning our expected performance and comments within the safe harbor provisions established under The Private Securities Litigation Reform Act of 1995. Actual results may differ materially from the results predicted and reported results should not be considered as an indication of our future performance. We believe that these potential risks and uncertainties include, without limitation: our revenue growth and success being tied to the operations of our broker network; our future revenue growth remaining uncertain; our business being subject to online security risks; unplanned system interruptions or system failures; claims and lawsuits against us that may result in adverse outcomes; increased regulation and competitive trading platforms resulting from the emergence of virtual currencies; and the effect of changes in the overall economy and in technology. Statements in this release should be evaluated in light of these factors. These risk factors and other important factors that could affect our business and financial results are discussed in our periodic reports and filings with the Securities and Exchange Commission, which are available at [www.sec.gov](http://www.sec.gov) (<http://www.sec.gov/>). ITEX undertakes no duty to update or revise any forward-looking statements.*

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PR Newswire  
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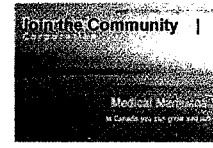
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**EXHIBIT 20**

**John**

---

**From:** "Izzy Garcia" <izzy.garcia@itex.net>  
**To:** <Undisclosed-Recipient:>  
**Sent:** Wednesday, April 14, 2004 8:24 PM  
**Subject:** ITEX: SPEND YOUR TRADE \$\$\$ TOMORROW!

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April 15,2004

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**EXHIBIT 21**

**Bal John**

**From:** <statements@itex.com>  
**To:** <ebuySell@msn.com>  
**Sent:** Friday, July 26, 2013 2:08 PM  
**Subject:** ITEX Statement Online - 7/25/2013



3326 160th Ave SE, Suite 100  
 Bellevue, WA 98008  
 www.itex.com

**STATEMENT****RETAIN THIS STATEMENT FOR TAX PURPOSES**

Billing Cycle 1, 6/28/2013 - 7/25/2013

ACCOUNT NUMBER <b>2038311000510</b>
--

STATEMENT DATE <b>07/25/2013</b>
-------------------------------------

Contact: JOHN BAL  
 EBUY-SELL.COM, INC  
 85 KENMARE ST #35  
 NEW YORK, NY 10012-4518

Your Trade Director is: **John Castoro**Phone: **732.669.9300**

Payment is due upon receipt of this statement. Fees paid by credit card will be processed July 31, 2013. Fees paid by electronic funds transfer (EFT) will be processed August 2, 2013. Finance/late fees may assess on August 22, 2013 as a result of nonpayment. Statement is deemed accurate unless ITEX Corporation is notified, in writing, of any discrepancy within four weeks of statement date.

**CASH DUE** **\$122.50****SUMMARY OF TRANSACTIONS**

Opening Balance:	<b>\$1,686.58</b>
Sales:	<b>\$0.00</b>
Purchases:	<b>\$0.00</b>
Closing Balance:	<b>\$1,686.58</b>

**ITEX DOLLARS AVAILABLE**

Closing Balance:	<b>\$1,686.58</b>
Credit Limit:	<b>\$0.00</b>
Authorized Purchases:	<b>\$0.00</b>
ITEX Dollars Available:	<b>\$1,686.58</b>

DATE	TRANS #	CODE	DESCRIPTION	SALES	PURCHASES	ITEX FEES	CASH FEES
			OPENING CASH DUE BALANCE				<b>\$122.50</b>
			CURRENT TRANSACTIONS				

Broker: 203831

7/31/2013

**Docket No. 13CV6794 (CM)**

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

**BUSINESS WATCHDOG, MERGENT  
SERVICES, and JOHN ANDRIES BAL, JR.,**

**Plaintiffs,**

**-v-**

**ITEX CORPORATION, STEVEN WHITE,  
personally and in the capacity of CEO, CFO,  
and Chairman of the Board, ERIC BEST,  
personally and in the capacity of Director,  
JOHN WADE, personally and in the capacity  
of Director, ROBERT BENSON, personally  
and in the capacity of Vice President, NYTO  
TRADE INCORPORATED, JOHN CASTORO  
aka NYTO TRADE INCORPORATION aka  
NYTO TRADING CORPORATION aka NYTO  
TRADE EXCHANGE and 44 TRADE  
CORPORATION, aka NYTO TRADE, INC.,  
personally and in the capacity of President,  
and IZZY GARCIA, personally and in the  
capacity of Manager,**

**Defendants.**

**PLAINTIFFS' RICO CASE STATEMENT**

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New York, NY 10012  
(212) 966-7576  
MERGENTserv@msn.com